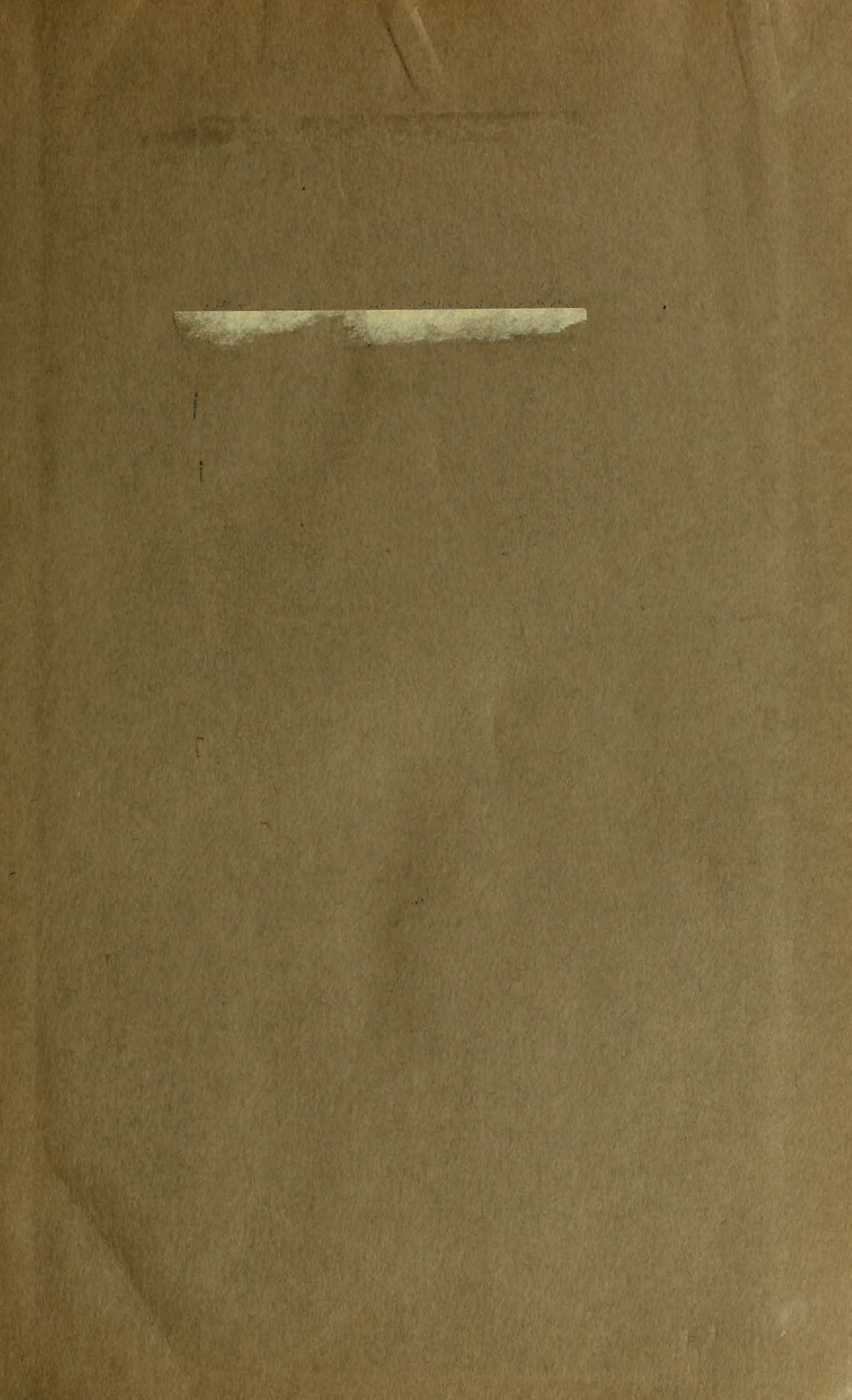


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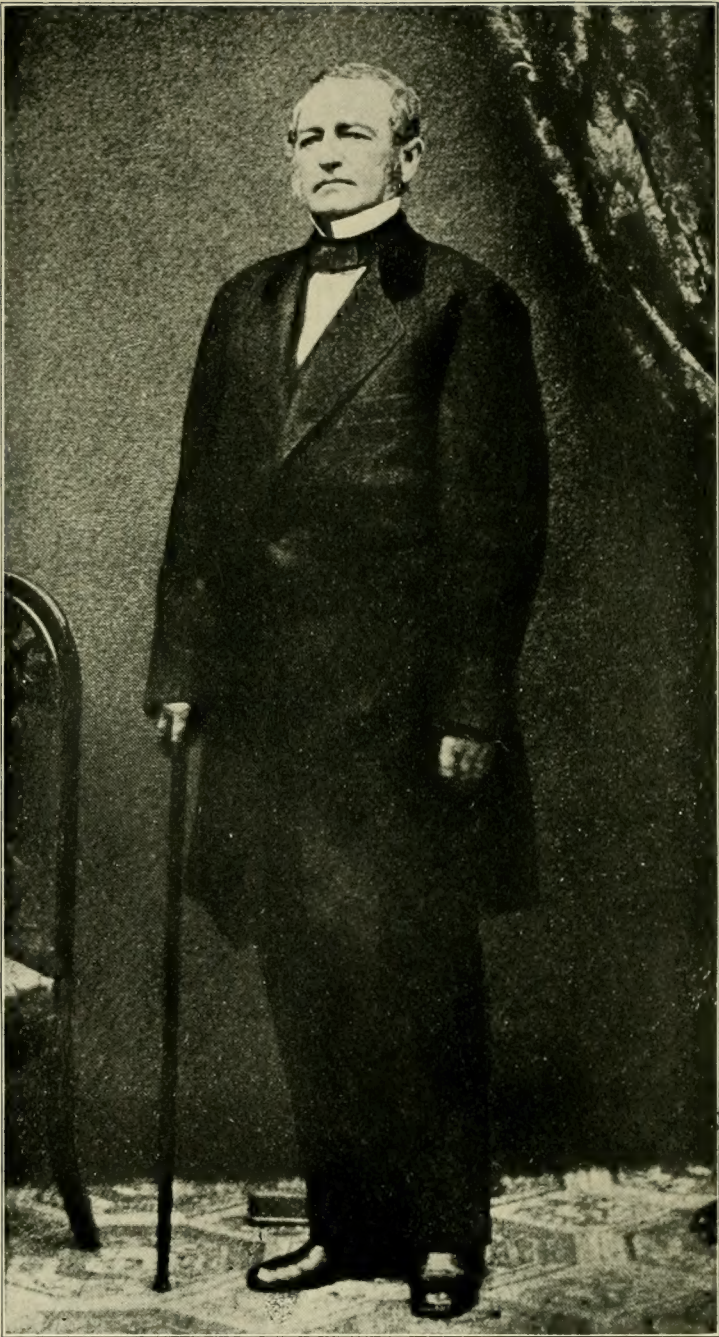
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HISTORY
OF THE
BOARD OF TRADE
OF THE
CITY OF CHICAGO

EDITED BY
CHARLES H. TAYLOR

IN THREE VOLUMES
Illustrated

VOLUME I

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PREFACE

IN the preparation of this History of the Board of Trade, two objects have been kept steadily in view: First, the production of a connected story of the origin, development, and activities of the organization, which from small beginnings in a little frontier town, became within half a century the most influential commercial body on earth; and, second, the preservation in accessible form, of such statistics as should make the History forever valuable as a book of reference.

The development of the Board of Trade, and the growth of the City of Chicago itself were so intimately associated with the settlement of the Northwest, and so dependent upon it, that some knowledge of the conditions under which the American occupation of this vast territory was accomplished, seemed indispensable. A full presentation of this historical background required a brief sketch of the Old Northwest Territory, including a view of the advancing wave of population which overspread Ohio, Indiana and Michigan while the region west of Chicago was still a wilderness inhabited only by Indian savages, with the sole exception of the French settlement on the American Bottom below St. Louis.

The early French explorers had no influence upon the Board of Trade; but Marquette and Joliet are worthy of mention as the first civilized men whose eyes rested upon the Chicago "Portage," and LaSalle as the first great dreamer who foresaw the possibilities of the agricultural region which eventually raised a great metropolis where rail and water meet, and forced the amazing growth of The Board of Trade of the City of Chicago. While everything prior to the location of the Illinois and Michigan Canal with the Chicago River as its northern terminus, is in a certain sense irrelevant, and while to some the facts are so familiar as to appear trite, it is believed that to many the recital will prove interesting.

The commercial development of Chicago began before the organization of the Board of Trade; and as the latter included in its early membership men engaged in nearly every vocation, it has been deemed essential to chronicle the first attempts to expand the general business of the city, as well as the first traffic in those commodities which in later years were handled exclusively on the Exchange. How the little town, first laid out by the Canal Commissioners in 1830, grew; why it could grow only as the tributary country became occupied by farmers, and how the gradual unfolding of resources from an ever-widening area sustained the faith of

the settlers from 1830 to 1848, surely are part of the history of this commercial development, and therefore, of the Board of Trade.

The early struggles and slow growth of the Board after its organization in 1848, have been well described by Elias Colbert and others; but most of the material used in preparing this history of the thirteen years preceding the Civil War was obtained from the newspapers of the period, the only original source now available.

Even in its youth, the Board of Trade had the courage of its convictions, and was ready to express its opinion upon public questions. All walks of life, all social grades and nearly all nationalities are represented in its membership. It is not composed of saints exclusively, nor of sinners. Every candidate for membership must undergo the examination of a committee, and satisfy them not only of his financial responsibility, but of his good business reputation. As a result of care in guarding its portals, and strict enforcement of its stringent rules of business conduct, there is on the Board of Trade of the City of Chicago as high a standard of commercial honor as obtains anywhere on earth. Its history, so far as domestic legislation is concerned, is largely a record of persistent action by the majority, to compel a turbulent minority to observe open-handed, fair-dealing methods of business in their relations with the public, as well as among fellow members of the Association. The epoch-making requirements for the grading, weighing, storage and shipment of grain in bulk, which were adopted early in the Board's history, and contributed so largely to its supremacy in this department of commerce, were prompted by this motive, and the same is true of the long fight to compel railway companies to discontinue the practice of granting unfair freight rates to certain favored shippers.

The Editor hereby expresses his obligation to Elias Colbert, author of the earliest reliable history of Chicago (1868) and veteran commercial editor of the Chicago Tribune, for valuable suggestions, both as to matter and form of expression; to Miss Caroline M. McIlvaine, Librarian of the Chicago Historical Society, for the privilege of consulting records; and to Miss Valentine Smith, late Archivist of the City of Chicago, for assistance in relation to the annals of the early French period, and to Frederick W. Meyers who has written most of the history of the years subsequent to the close of the Civil War, and who has given nearly a year of faithful work to its preparation.

Hoping that the History of the Association will be satisfactory to his fellow members of the Board, and thus repay him for the labor expended in its preparation, the following pages are submitted by

THE EDITOR.

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AUTHOR	TITLE	ABBREVIATION
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A. T. Andreas.....	"History of Chicago".....	Andreas
William H. Keating.....	"Narrative of an Expedition to the Source of St. Peter's River &c.".....	Keating
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PUBLISHER'S NOTE

NO effort or expense has been spared to make this the most complete and satisfactory history of a commercial organization ever published, and the great mass of detailed information which it contains has made it impracticable to insert a complete index which would not defeat its own purpose by its bulk. Volume One is devoted largely to an interesting and authentic history of Chicago and the conditions which made it the great market place of the continent. The history of the Board of Trade, on succeeding pages of Volume One and Volume Two, is given chronologically; first, a review of the general events of interest to the Association, and second, a brief statement of the course of the principal markets both as to produce and provisions. As far as possible the duplication of the mass of statistics as published each year in the report of the secretary has been avoided. Volume Three is devoted to personal sketches and portraits of a large number of the leading members of the Board of Trade, which, for the convenience of the reader, are published in alphabetical order.

History of the Board of Trade of the City of Chicago

CHAPTER I

A Brief History of the Region Now Tributary to Chicago, Also Showing Why This City Has Become the Great Food Market of the Continent

SPAIN claimed the New World by right of discovery; and her claim was confirmed in 1493 by the famous Bull of Pope Alexander VI, which fixed upon a meridian one hundred leagues west of the Azores and Cape Verde Islands as the line of demarcation, westward of which Spain should have sole right of conquest, and eastward of which Portugal should have the same right. Although by the Convention of Tordesillas between Spain and Portugal, in the following year, the former consented to the removal of the line of demarcation to a meridian 370 leagues west of the Cape Verde Islands, she thereby relinquished only the eastern part of South America, the new line running near the mouths of the great rivers Amazon and La Plata, and leaving her the sole claimant with Papal sanction, to the greater part of South America, all of Central and North America, and the islands of the West Indies.

The Spaniards of the 15th and 16th centuries looked upon the heathen aborigines of their vast domain as proper objects of spoliation, and it is not strange that their first marauding expeditions on the mainland of the American continent should have been directed against Mexico, Peru and Central America. They were in search of gold; and the milder climate of these regions, the gentler nature of the inhabitants, their higher civilization and greater wealth rendered the unfortunate natives a more tempting object of plunder than the fierce warriors who roamed the vast wilderness between the Gulf of Mexico and the Great Lakes.

Spanish colonists followed closely the conquistadors, but they, too, were possessed by the lust of gold; and the immense spoil of Mexico and Peru seemed to point to an inexhaustible supply still to be had in those countries. Even before Cortez conquered Mexico in 1521, Spanish colonies had been planted on the principal islands

of the Caribbean Sea and on the Isthmus of Panama; some of them by the great Discoverer himself. If gold was not found every where, Indians at least were numerous, and upon one pretext or another they were reduced to slavery and forced to toil in the cultivation of semi-tropical products which were easily convertible into the precious metal.

For nearly a century, from the first voyage of Columbus in 1492, to the destruction of the Great Armada in 1588, Spain had no troublesome rival in the colonization of the New World. France and England, the only maritime nations which could have interfered with her projects, refrained, not from chivalrous scruples about her rights, nor on account of Pope Alexander's Bull; but because pressing domestic affairs absorbed their energies; and more than all, out of respect for Spanish naval power. It was the period of the Reformation; and when England and France were not at war with each other, they were torn with dissension between the devotees of the old faith and those who upheld the new. In England it was the time of Henry the Eighth, of the separation of the English Church from the Church of Rome; the time of Mary, in whose short reign the persecution of protestants won for her the sobriquet "Bloody Mary"; the time of "Good Queen Bess," of Spenser, of Shapesspeare, of Ben Johnson, and the author of Utopia.

Contemporary France was at war most of the time. England, Austria, Spain and Naples were among her foreign antagonists; while for nearly forty years in the last half of the Sixteenth Century she was desolated by the merciless domestic contests of Catholics and Protestants, of which the Massacre of the Huguenots on St. Bartholomew's night, 1572, was one of the incidents.

The wise administration of Henry of Navarre, who ascended the throne of France in 1589, healed the wounds caused by the religious wars; the destruction of the Invincible Armada and the decadence of Spanish naval power opened the seas of the world and the Continent of America to the adventurers of all nations, and soon after the dawn of the Seventeenth Century, both France and England sent out colonies to occupy and possess parts of the New World, of whose existence the English, it would seem, had little knowledge for more than fifty years after its discovery by Columbus.

John Fiske says that "until the middle of the Sixteenth Century, no English chronicler mentions either Columbus or the Cabots, nor is there anywhere an indication that the significance of the discoveries in the Western ocean was at all understood." (The Discovery of America, Vol. I., page 453.)

French and English Colonization

At the beginning of the Seventeenth Century, Spain, after a hundred years of colonizing effort, was firmly seated in Mexico,

Central America, and along the Spanish Main to the east of the Isthmus of Panama; and her possession of Cuba, Porto Rico, Haiti and Jamaica, converted the Caribbean Sea and the Gulf of Mexico into a Spanish lake. But, with the exception of a fort at St. Augustine, in Florida, and a few settlers around it, neither Spain nor any other European nation had made a permanent lodgment upon the North American Continent north of the Gulf of Mexico. Ponce de Leon had visited Florida in 1512 in search of the Fountain of Youth, and in the distorted maps of the period the name Florida covers much of the present territory of the United States east of the Mississippi River, sometimes extending west of that stream; Jacques Cartier in 1535 had ascended the St. Lawrence River as far as Hochelaga, an Indian village where Montreal now stands; Hernando de Soto had discovered the Mississippi River in 1541; Nunez, between 1529 and 1538, and Coronado in 1540, had led expeditions among the Indians of the southwest. Attempts had been made, both by France and Spain, to establish colonies in Florida; by the English under Sir Walter Raleigh on Roanoke Island, as well as by the French under Cartier on the St. Lawrence. All these attempts at colonization had failed; and even the fort at St. Augustine, erected by the Spaniards in 1565, had been captured by Sir Francis Drake in 1586, and the town plundered, although not permanently held by the English. The great continent to the north was virgin territory; and before the first decade of the seventeenth century had passed, an English colony was planted at Jamestown in Virginia, in 1607, and a French colony at Quebec in 1608. These were soon followed by the Dutch settlement on Manhattan Island, in 1613-1614, and in 1620, and the years immediately thereafter by the occupation of Massachusetts by English Puritans.

At first glance it appears remarkable that the English and Dutch colonies which grew much more rapidly than the French settlements on the St. Lawrence, should, for nearly 150 years, have failed to occupy, or even to explore the hinterland which lay in the west, while the comparatively weak French colonies early recognized the value of the great interior, and so far as their numbers would permit, occupied its strategic points, for their own profit, the glory of France, and the extension of the Catholic faith. Some of the reasons for this neglect of opportunity are apparent. It must be remembered that for many years after the first settlements were made on the Atlantic Coast, the English colonists, who had less tact in dealing with the natives than the French possessed, found themselves fully occupied in maintaining their positions against the Indians, who soon became hostile, and opposed quite naturally, an advance into their hunting grounds. The Allegheny mountains, too, were a formidable barrier, and so was the dense forest which covered the whole of New York, Pennsylvania, Maryland and Virginia, through which lay the only route to the west, and in which

there was neither wagon road nor navigable stream. Hemmed in by a triple wall of mountains, impenetrable forests, and hostile Indians, the colonists, who were from maritime nations, may well have felt that for them the line of least resistance was on the ocean and along its coast southward.

On the other hand, the French colonists on the St. Lawrence were admirably situated for excursions into the interior. Already hundreds of miles from the sea, in an unproductive agricultural region, occupying the bank of the greatest waterway system on the continent, their environment urged and the hope of controlling the fur trade lured them, to explore the unknown region in the distant west.

And so it came about that in 1615, five years before the Mayflower sailed for Plymouth, Champlain, the founder of Quebec, and first Governor of New France, explored his dominions as far west as Lake Huron, and followed Lake Ontario and the St. Lawrence River down to the lake which bears his name. Before his death in 1635, and about the time the first English settlers went into Connecticut, the Canadian Frenchmen established trading posts on the Great Lakes, and in 1634 Jean Nicollet visited Lake Michigan, followed Green Bay to its head, ascended the Fox River, crossed the portage to the Wisconsin, and achieved immortal fame as the first white man whose eyes ever rested on the forests and streams and plains of the Great Northwest, and after Champlain, the first to bring to the French, information of the Indians who lived in the land of the buffalo.

The decisive victories of the Iroquois Indians over the Hurons and other Indian allies of the French about this time, obliged the latter to close their trading posts on the Great Lakes, temporarily, and to cease their activity as explorers in the West. It was not until 1673 that we have a record of the first visit of civilized men to the Chicago Portage, although it is by no means improbable that some wandering *coureurs de bois* may have been upon the spot before this date. It is claimed by some that La Salle used the Chicago Portage in 1671, and Andreas, Vol. I, p. 61, quotes Margry as authority for this view.

The Chicago Watershed

Chicago is the only city in the world, of metropolitan rank, which stands upon a continental watershed. While there never was anything in the topography of this region to indicate to an observer that he was standing at the parting of the continental waters, it is true, nevertheless, that when the first civilized man visited the spot where Chicago now stands, a very slight elevation between the headwaters of the South Branch of the Chicago River, and the Des Plaines River, constituted a watershed from which, after heavy rains, and during the usual spring freshets the

flood waters of Mud Lake and the surrounding country were discharged in part through the Chicago River, the Great Lakes, and the St. Lawrence River into the Atlantic Ocean, and in part through the Des Plaines, the Illinois and Mississippi Rivers into the Gulf of Mexico. Changed conditions were created when the Chicago Drainage Channel was opened in January, 1900. This great canal, cutting through the few feet of earth which formed the actual divide, not only reverses the current in the South Branch of the Chicago River, and discharges its waters into the Des Plaines River at Lockport, but supplements this natural flow by some 400,000 cubic feet per minute, which the removal of the obstruction causes Lake Michigan to pour into the mouth of the main stream of the Chicago River, on its way to the Gulf of Mexico. The Northern, Western and Central portions of the City of Chicago which, prior to the opening of the Drainage Channel, had been at the head of the Great Lakes—St. Lawrence waterway system were, by this event, transferred to the Mississippi River system. On the other hand, the extreme southern portion of the city remains in the system first named; because the Calumet River, to which it is tributary, discharges its waters into Lake Michigan at South Chicago, twelve miles from the mouth of the stream which for many years bore all the commerce of the city. But, when the Sag Canal, begun in 1911, shall have been completed, and the flow of the Calumet reversed, as the flow of the Chicago River has been, Chicago will lose the unique distinction just claimed for it, Lake Michigan itself will become the continental watershed, and the City of Chicago thenceforth will have a permanent place at the head of the principal Mississippi River waterway system. Thus, by man's agency, conditions will be re-established which geologists tell us prevailed in post-glacial times, when the level of Lake Michigan was considerably higher than it is now, and its waters were discharged through the Des Plaines, the Illinois and the Mississippi into the Gulf of Mexico.

The Chicago Divide does not appeal to the imagination like those spots in the Rocky Mountains from which the parting waters flow on the one side to the Pacific, and on the other to the Gulf of Mexico; but from a commercial standpoint it is by far the most important watershed on the American Continent.

The Portage

Nature certainly intended that near the head of Lake Michigan there should be a meeting place for the people east, west and north of this spot; but it was the short and easy carry around the Divide during a favorable stage of water, which made the Chicago portage attractive to the first civilized explorers, as probably it had been to many generations of savages before the advent of the white man. Indeed, at times, it was possible for a small boat under sail to cross

the Divide, which was covered in the extreme flood seasons by about two feet of water. In 1821, Colonel Ebenezer Childs was returning to Wisconsin from a visit to St. Louis via the Illinois and Des Plaines rivers, in a canoe. He says: "I saw but one house from the mouth of the Illinois to Fort Clark, where Peoria now is, at which latter place one French trader resided. * * * We continued up the Illinois to the junction of the Kankakee and Eau Plaine, and thence up the Eau Plaine to where I supposed we had to make a portage to Chicago River; but I could not see any signs of the portage. There had been heavy rains for several days, which had so raised the streams that they overflowed their banks. I concluded that I had gone far enough for the portage, so I left the Eau Plaine and took a northeast direction. After traveling a few miles I found the current of the Chicago River. The whole country was inundated; I found not less than two feet of water all the way across the portage."¹

Two years later Keating, the historian of Major Long's expedition to the source of the St. Peter's River, which passed through Chicago in early June, 1823, was informed by Lieutenant Hopson, an officer at Fort Dearborn, that he had crossed the portage with ease in a boat loaded with lead and flour. Of similar purport is the account given by Gurdon S. Hubbard of his first ascent of the Des Plaines with the Illinois "brigade" of the American Fur Company in the spring of 1819. The passage from Starved Rock to Cache Island against the heavy current was difficult and exhausting. From this point with a strong wind blowing from the southwest, sails were hoisted and the loaded boats "rapidly passed up the Des Plaines River, through Mud Lake, to South Branch, regardless of the course of the channel, and soon reached Chicago."

To the birch bark canoe of the Indian and the Canadian voyageur, the Chicago River—Des Plaines route from Lake Michigan to the Mississippi Valley was an ideal one during seasons of high water, when the "Portage" itself was submerged; but as the flood waters subsided, and it became necessary to carry the boats and their contents across the Divide, the Chicago Portage lost its pre-eminence, and in times of very low water in the Des Plaines River, when the channel of that stream was a succession of pools with very little water seeping between them, portage was necessary from the South Branch of the Chicago to the Illinois River at the mouth of the Vermillion, a distance of about one hundred miles. Between these extremes of high water giving perfect passage for small boats over the divide, and low water when the long portage made the transit difficult and laborious, there must have been a considerable portion of the year when there was sufficient water in the Des Plaines to float a loaded canoe, and when a portage from the South Branch of the Chicago River near Robey Street to the Des Plaines

¹ Reports of the State Historical Society of Wisconsin, Vol 4, p. 163.

River, at the outlet of Mud Lake, a distance of nine or ten miles, offered fairly favorable conditions for such traffic as the times demanded.

Whether or not La Salle was the first white man who visited the site of the future metropolis, he certainly left the earliest description of the Chicago Portage of which there is any record. He says, "There is a neck of land to the West of the lake of the Illinois, in latitude $41^{\circ} 5'$, reached by a channel formed by the junction of many small streams or prairie gullies. This channel is navigable about two leagues to the edge of the prairie. About a quarter of a league farther west, there is a little lake a league and a half long, divided in two by a beaver dam. From this lake a small stream issues, which, after winding among the rushes for about half a league, falls into the Chicago River, which falls into the Illinois. This lake, when filled by heavy rains, or by the spring freshets, also empties into the channel leading to the Illinois Lake (now Lake Michigan), the surface of which is 7 feet lower than the prairie in which this little lake is situated. (Margry, Vol. 2, p. 166.) It is apparent that the "Chicago River," of which he speaks, is the Des Plaines, and the "channel" is the main Chicago River as we know it and the South Branch thereof.

The Earliest Records

Unless, as seems possible, but not susceptible of absolute proof, La Salle visited the present site of Chicago in 1671, Louis Joliet and Father Jacques Marquette, who came here in 1673, were the first white men to reach this spot, of whom any record has been preserved. The large collection of original records of these earliest explorations is preserved in the archives of St. Mary's College, Montreal, and is known as the "Jesuit Historical Collections." A selection from these records, including the original journal and map of Rev. Father Jacques Marquette, S. J. (1673-1674), was exhibited at the Louisiana Purchase Exhibition at St. Louis, Missouri, in 1904. Joliet was a young Canadian of French descent, who had acquired some reputation as an explorer, and who was directed by Frontenac, Governor, and Talon, Intendant of New France, to explore the "gerat river" which, according to Indian report, flowed "westward to the Vermillion Sea" as the Gulf of California was then known. The Gulf of California was explored in 1539, by the Spaniards, under Cortez, but "the name which his captains gave to the Gulf, the Sea of Cortez, failed to abide. It grew to be generally called the Red Sea, out of some fancied resemblance, as Wytfliet says, to the Red Sea of the Old World." (Winsor, Vol. II, p. 443.)

Father Dablon's report, which was based upon conversations with Joliet himself, continues, "The third remark is that, as it would have been highly desirable that the terminus of that dis-

covery should prove to be the Vermillion Sea, which would have given at the same time access to the Sea of Japan and of China—so, also, we must not despair of succeeding in that other discovery of the Western Sea by means of the Mississippi. For ascending of the Northwest by the river which empties into it at the 38th degree, as we have said, perhaps one would reach some lake, which will discharge its waters toward the west.”

Marquette was a French Jesuit, who had established a mission at St. Ignace on the Straits of Mackinac, and who had been chosen to accompany Joliet. Michillimackinac was the name given by the Indians (as rendered by the French) to the island now known as Mackinac. This name, under the French regime, was applied to the mainland in the vicinity, and very early (perhaps in 1668), to one of the Provinces into which New France was divided. This Province of Michillimackinac included the country west of Quebec Province, with indefinite boundaries, but certainly embracing the present State of Michigan, and portions of Wisconsin and Minnesota. The first Fort Michillimackinac was built by the French in 1673, on Point St. Ignace, opposite the island of Michillimackinac, on the north shore of the strait, a mission church having been built there two years before by Father Dablon, S. J., and Father Marquette, S. J. In 1688 this was the commercial and military center of the Northwest. (Bailey, p. 70.) There were two other forts in the northern region, one on Green Bay, and another at Sault Ste. Marie, both of which were founded at an early period; but Fort Michillimackinac was much the largest, containing thirty families inside the palisades, and about as many more without.

In 1705 the Jesuits abandoned their mission at Michillimackinac (St. Ignace), burned the church to prevent its desecration, and returned to Quebec, and the garrison was withdrawn. In 1714 this fort was again occupied by a French garrison; but it had lost some of its importance, owing to the establishment, in 1701, of a fort at Detroit.

Finally (perhaps in 1728) the post at St. Ignace was abandoned and a new post of Michillimackinac built on the south shore of the straits, at what is known as “old” Mackinaw City, eight or ten miles south from St. Ignace, on the northern point of the Southern Peninsula of Michigan. This was held by the French, until 1761, when it was taken over by the English. In 1763 it was captured by the Indians at the time of Pontiac’s conspiracy, and the garrison massacred, or made prisoners; but after the treaty of peace with the Indians, made in Detroit, in 1764, by General Bradstreet, it was again occupied by the British until 1780, when they built a new fort on the island of Michillimackinac, which, since then, has been the only Fort Mackinac in existence.

Meeting at Michillimackinac, Joliet and Marquette, with five companions, in two canoes, skirted the northern portion of Lake

Michigan, followed the shore of Green Bay southward to the mouth of the Fox River of Wisconsin, which they ascended, crossed the portage to the Wisconsin River, and reached the Mississippi in June, 1673. Passing the mouth of the Missouri and the Ohio they descended the Great River to the mouth of the Arkansas, when having become satisfied that it emptied into the Gulf of Mexico, and hearing from the Indians fearsome tales of the sanguinary character of the natives farther down the river, they returned to the mouth of the Illinois. Here they were persuaded by the friendly Indians to adopt the Illinois River route on their return to Mackinac, and although the Chicago Portage was not at its best at that season of the year, unless there had been heavy rains, it is generally accepted as a fact that they used it on their way to Green Bay, where they arrived late in September, 1673. Even if, as has been claimed, without sufficient reason, they used the Calumet Portage, still they must have reached Lake Michigan within the present limits of the City of Chicago.

Joliet spent the winter at Green Bay, and the next year went to Quebec, where he reported to Count Frontenac, the Governor. Unfortunately, his canoe upset in the Sault Ste. Louis, near Montreal, after safely passing more than 40 rapids of the St. Lawrence River. He barely escaped with his life after struggling four hours in the water, and his journals and charts were lost. Father Dablon gives the following upon Joliet's authority: "We could go with facility to Florida in a bark and by very easy navigation. It would only be necessary to make a canal by cutting through but half a league of prairie to pass from the foot of the lake of the Illinois to the River St. Louis. More than two centuries were to pass before the Chicago Drainage Canal was commenced, the beginning of the Great-Lakes-to-the-Gulf waterway, which Joliet was the first to suggest. Marquette also passed the winter at Green Bay, and in October of the following year, with two Canadian voyageurs, he started for the Illinois country to fulfill a promise made to the Illinois Indians at old Kaskaskia, then near Starved Rock on the Illinois River, between Ottawa and Utica, that he would return and establish a mission among them. The little party was joined by a number of Indians, and proceeded by the way of Green Bay and the western shore of Lake Michigan to the "river of the portage." It was a stormy season and they did not reach Chicago River until late in November, when they found it covered with six inches of ice. They spent ten days in camp at the mouth of the river, and then decided to pass the winter "about two leagues up" the South Branch, near the beginning of the portage, where, in a rude cabin, probably resembling an Indian wigwam, they "began, in December, 1674, the first extended sojourn, so far as we have record, of white men on the site of the future Chicago." (Quaife, p 24.) This was eight years before Philadelphia was

laid out, and six years before Charleston, South Carolina, was settled.

Marquette was ill; but the voyageurs were loyal to him, the Illinois Indians sent supplies of food, and two Frenchmen, who had established a trading post 18 leagues from Chicago, where the hunting was good, were exceedingly attentive to his wants. One of them, to whom Marquette refers in his journal as "the surgeon," came fifty miles in the depth of winter to attend him. The other was Pierre Moreau, a noted trader, who was known as La Taupine. He and "the surgeon" were the first white men who conducted business operations in Northern Illinois. Notwithstanding the feeble condition of Marquette's health, and his primitive surroundings, he and his companions appear to have passed the winter in comparative comfort; and when the ice melted in the latter part of March, 1675, they resumed their journey to the Illinois Indians; but not until they had nearly lost their belongings through a sudden ice gorge which backed up the water of the South Branch and flooded their camp.

Marquette's stay with the Kaskaskia Indians was short. He established his mission as promised, but knowing that his end was near, he soon began his return journey to St. Ignace. A great number of the Indians accompanied him as far, probably, as the Chicago Portage. Going from Chicago around the southern end of the lake, he traveled northward until, on the 19th of May, 1675, on the eastern shore of Lake Michigan, where the City of Ludington now stands, at the mouth of a small stream which bears his name, the gentle Marquette passed to his reward. The State of Wisconsin has honored herself by placing his statue in Statuary Hall in the Capitol at Washington.

Father Claude Allouez, another French Jesuit, who had been stationed at the mission on Green Bay, reached the Chicago Portage with two companions, probably in April, 1677, on his way to the mission which Marquette had established at the Indian Village, near Starved Rock. At the western end of the Portage he was met by a band of eighty Indians, who had come to welcome him and escort him to his new post. His stay among these Indians was brief, but he returned to them in the following year, probably again crossing the Chicago-Divide, but leaving no record of this visit.

Possibly La Salle himself who with fourteen companions made his way down the western shore of Lake Michigan from Green Bay to the mouth of the St. Joseph River in Michigan, stopped at the Chicago River, in 1679; but this cannot be proved.

Probably Henry de Tonti, an Italian, La Salle's able and faithful lieutenant, passed through the Chicago River with a few followers, after the destruction of the Illinois Indians by the Iroquois, and the mutiny of the garrison La Salle had left at Crevecoeur, a fort which he built in the early part of 1680, near the present site

of the City of Peoria, and which was called by the Indians, Chicagou; but absolute proof of this is lacking.

However, it is certain that in January, 1682, La Salle, and Tonti, who had arrived in the preceding month, set out from Chicago with a considerable number of followers upon their great expedition to the mouth of the Mississippi River. Dragging their sledges over the ice of the Des Plaines and Illinois Rivers, they reached open water below Lake Peoria. Floating down the Illinois and Mississippi rivers they arrived at the mouth of the latter, April 9, 1682, and La Salle took formal possession for his sovereign King Louis XIV, of France, of all the country drained by the Great River, and its tributaries, under the name of Louisiana.

Lack of space forbids the mention of several travelers who crossed the Chicago Divide during the last fifteen years of the seventeenth century, and who left records of their experiences. Among these accounts is the journal of Joutel who, with four other survivors of La Salle's Texas expedition, reached Chicago, September 25, 1687, and after a futile attempt to proceed farther, returned to Fort St. Louis on Starved Rock, where they spent the winter. Again, on the 29th of March, 1688, they reached Chicago on their way to Canada. Joutel says they were informed that Chicago takes its name from the profusion of garlic in the surrounding woods. (Quaife, p. 38.)

La Salle, writing in 1683, said in reference to the portage Chicagou, "the land there produces naturally a quantity of roots good to eat, as wild onions." "Cadillac, the commandant at Mackinac, 1695, in making a report to the governor of Canada on the territory under his control, refers to Chicago, which signifies, he says, river of the onion." (Currey, Vol. I, p. 33.) Testimony is abundant that a name resembling Chicago was applied by the natives to numerous streams, including the Mississippi, Illinois and Des Plaines rivers, as well as to the Chicago River; and Andreas (Vol. I, p. 37) says that the Des Plaines River went by the name of Chicago River until 1812. In this connection, the same author quotes Dr. William Barry, first secretary of the Chicago Historical Society, as saying, "Whatever may have been the etymological meaning of the word Chicago, in its practical use it probably denotes strong or great. The Indians applied this term to the Mississippi River, to thunder, or to the voice of the Great Manitou."

There was a chief of one of the Illinois tribes named Chicagou, who was in Paris, in 1725.

Some of the variations of the name, given by Kirkland in "The Story of Chicago," are, "Che-cau-gou," "Chicagua," "Chikagu," "Chickagou," "Chicahu," "Shecaugo," meaning playful waters, and "Chac-ca-go," meaning destitute (Pottawatomie?); "Chicka-hou," "Shegahg," meaning skunk; or "She-gau-ga-winzhe," meaning

skunk-weed or wild onion (Chippewa dialect of the Algonquins); "Eschikagou," "Chicagou, or Garlick Creek," "Gitchikag," meaning a thing great or strong (dialect of the Illinois tribes).

Dr. Barry seems to have caught the Indian meaning of the word. If it could be applied to such diverse things as a great river, an onion, the thunder, an Indian chief, and the voice of the Great Spirit, the idea in the mind of the savage must have been a thought of power in some form.

In the latter part of October, 1698, Saint Cosme and his party visited "Chikagwa" on their way from Mackinac to the Mississippi River, and spent several days with Father Pierre Pinet, who, in 1696, established the mission of the Guardian Angel at Chikagwa. There is wide difference of opinion among historians as to the location of Father Pinet's mission. Andreas assumes that it was at Mud Lake; Quaife locates it on the Chicago River, between the mouth and the Forks; while Grover claims that it was west of the present village of Kenilworth, and "within two miles of the city limits of Evanston, and about five miles from the present limits of the City of Chicago.

Both Andreas and Grover appear to have been misled by Shea's mistranslation of St. Cosme's letter. Quaife makes a plausible argument in favor of the main Chicago River; but as it is distinctly stated that the mission was located at an Indian Village of more than 150 cabins, the great Indian settlement at Bowmanville on the North Branch of the Chicago River, just west of Rosehill Cemetery, appears to the writer more likely to have been the site of Father Pinet's Mission than any other place as yet suggested.

As the honor of being the first white man to visit the site of the present City of Chicago lies between Robert Cavalier Sieur de la Salle, who came perhaps in 1671, and Marquette and Joliet, who passed this way in returning to Green Bay from their voyage of discovery on the lower Mississippi in 1673, and as the honor of being the first temporary resident belongs to Marquette who spent the winter of 1674-1675 in his cabin on the South Branch of the Chicago River at the present intersection of Robey Street, so, the honor of first permanent residence belongs to Father Pinet, whose mission was not finally abandoned until the year 1700. At one time the enmity of Count Frontenac, Governor of New France, compelled Pinet to close the mission, but Bishop Laval's influence caused it to be reopened in 1698, and to remain open for about two years, as above stated.

With the closing of the Guardian Angel Mission, and Father Pinet's departure for Cahokia, where he died, the early history of Chicago and its vicinity comes to an end; and for more than half a century no civilized man lived there, so far as the records show.

The Eighteenth Century

In the autumn of 1700 the remnant of the Kaskaskia Indians abandoned the original village of that name, which was in the meadow south of the town of Utica, and nearly "opposite Fort St. Louis" (known later as Starved Rock), and settled on the Mississippi River near the mouth of the Kaskaskia, or Okaw, River, about seventy miles below St. Louis, Missouri, bringing with them the name of their old home, Kaskaskia. This place assumed great importance as the western provincial capital under King Louis XIV and King Louis XV of France, and King George III of Great Britain, and later as the capital of the Territory and State of Illinois. It had at its best a population of several thousand persons. Fort Gage, built by the British in 1772 (Winsor, p. 26), after the Mississippi River had rendered Fort Chartres untenable, was their military headquarters until its capture by Col. George Rogers Clark in 1778. From this place the Mississippi River, open at all seasons, furnished a far easier and more speedy means of communication with the sea than the old route across the Chicago Portage. The trade of the Illinois country followed the line of least resistance and, as Northern Illinois was almost depopulated and all the country then tributary to Chicago greatly disturbed by the Indian wars, and the fur trade nearly destroyed, there was nothing to encourage white men to remain in or near the Chicago River.

At the beginning of the eighteenth century the English colonists were still confined to a narrow fringe along the Atlantic Coast, except where navigable water afforded them an opportunity to erect and maintain some defence against their savage neighbors. Haverhill, about thirty-two miles from Boston, was attacked by the French and Indians as late as 1708 and its inhabitants massacred, and although settlements had been made on the Connecticut River many years before, they were held by a precarious tenure. In the colony of New York, Schenectady was the western outpost, and it was burned by the Indians and French in 1690, and most of its inhabitants killed or captured. Philadelphia had been settled only eighteen years. In Virginia, a mill and warehouse were built at Richmond by William Byrd in 1679, but the town was not incorporated until 1742. In North Carolina the settlements were confined to the Cape Fear River, and in South Carolina to the vicinity of Charleston, which was twenty years old. Georgia was not settled until 1733.

The French held the St. Lawrence River, the region of the Great Lakes and the Illinois country; and the settlement which Iberville made near the mouth of the Mississippi River in 1700 added the sanction of visible occupation of the valley of that river and its tributaries to La Salle's claim of discovery and formal

possession made eighteen years earlier. Protecting these numerous trading posts were the fort at Frontenac, Fort Conti at Niagara, Fort Miami at the mouth of the St. Joseph River in Michigan; Fort Vincennes, Fort St. Louis, on the Illinois River, and Fort Massac (Fort Assumption), on the Ohio River one mile east of the present city of Metropolis, Illinois. The country between the Great Lakes and the Ohio River was sparsely peopled by several tribes of Indians, all of whom lived in terror of the Iroquois, who had desolated this region half a century before.

In La Salle's great plan for the development of New France, Chicago and Illinois occupied the position of honor. The Mississippi Valley was the home of countless herds of buffalo, deer, antelope and elk, as well as vast numbers of smaller game, turkeys, geese, ducks and pigeons. The profitable trade in furs was the prize for which English and French alike fought and died; and nowhere, probably, was large game so plentiful as on the prairies of Illinois. La Salle had planned to make his Illinois colony the mainstay of New France. Around the impregnable Fort St. Louis, held by a French garrison, he aimed to rally the Illinois Indians, making of them an efficient fighting force which, under French leadership, should be able to check the incursions of the dreaded Iroquois. Across the Chicago Portage the furs of the interior would reach Lake Michigan en route to the old world via the St. Lawrence River, while supplies for his colony would take the same course in return. Thus encircling the English colonies on the coast and shutting them out from the great valley whose rich possibilities he dimly foresaw, La Salle dreamed that his countrymen would monopolize the trade of the interior and that the lilies of France would float above the commerce of the New World.

In view of the fact that the English colonists outnumbered the French about ten to one, this scheme of the great La Salle appears chimerical. It must be remembered, however, that during the closing years of La Salle's life, "France was the dominant power in Christendom." The armies of Louis XIV were supreme upon the land; La Hogue was several years in the future; the question of naval supremacy was undecided, and England, torn by civil war, was trembling in fear of a French invasion.

But, however possible the realization of his plan may have been during La Salle's lifetime, the opportunity passed forever when England won the sovereignty of the seas at La Hogue in 1692, five years after his death. Before the first five years of the new century had passed, the Grand Alliance formed by the skillful diplomacy of England had united the armies of Holland, Spain, Germany and Savoy with her own; the genius of Marlborough had made the little Bavarian town of Blindheim, or Blenheim, forever memorable as the scene of one of the decisive battles of history and the downfall of the military supremacy of France;

and the finger of destiny had begun to point to the final tragedy on the plains of Abraham.

The fate of Chicago and the vast garden to which it is the gateway was to be settled, not alone by the struggles of traders and canoemen and savages on the streams and portages of the interior, but by the shock of mighty armies, which on the continent of Europe and in India, as well as in America, fought for the dominion of the world.

Nevertheless, the Mississippi Valley east of the great river witnessed a desperate contest in the first half of the eighteenth century between the French and their Indian allies on the one hand, and the great Indian Confederacy headed by the Iroquois on the other. Backed by the English and Dutch colonists, who aimed to capture the rich fur trade of which the French had thus far held the lion's share, a fierce attack was made by the Fox Indians upon the French post at Detroit in 1712. This assault was repulsed by the French and the Ottawa Indians who were friendly to them and later the Foxes who had survived the battle were pursued and most of them destroyed without mercy.

Three years later Chicago was chosen as the place of rendezvous of various tribes of Indians who, under French leadership, were conducting a campaign against the Fox stronghold at the portage between the Fox and Wisconsin rivers in the State of Wisconsin, near the present town of Portage, Wis. It is known that other parties of French and Indians passed through Chicago during the half-century of Indian warfare which began with the attack upon Detroit in 1712, and ended only when the Treaty of Paris in 1763 finally eliminated France as a factor in the affairs of the New World, England taking all her possessions east of the Mississippi; all that lay west of the Great River, as well as the City of New Orleans, having been secretly ceded to Spain some time before the Treaty of Paris was signed.

Among the Indian tribes east of the Mississippi River and north of the Ohio who were friendly to the French were the Hurons, Pottawotamies, Miamis, Weas, Illinois, Ottawas and Chippewas, while among their enemies were the Sacs, Foxes, Mascoutins, Kickapoos and, worst of all, the dreaded Iroquois. The latter, instigated by English traders who supplied them with guns and ammunition (and in many cases by English officials), were the terror of the continent. Mr. E. G. Mason's statement in "Chapters from Illinois History," p. 113, that "they had carried their arms from the Gulf of St. Lawrence on the north to Florida on the south, and beyond the Mississippi on the west" is undoubtedly correct. But his assertion that they had destroyed more than thirty nations and caused the death of more than six hundred thousand persons within eighty years, is certainly a very great exaggeration, based probably upon a statement credited to Gallinee

about 1680, and found in Margry, Vol. I, p. 362, that the Iroquois Indians had destroyed "more than 100,000 men, comprising more than fifty nations." The Bureau of American Ethnology at Washington recently estimated that "the Iroquois may have destroyed (i. e., defeated, dispersed and incorporated) perhaps eight or ten tribes, and may have killed directly or indirectly 8,000 or 10,000 Indians in these wars, the survivors of the broken tribes being either driven to more remote regions or incorporated with other tribes or with the victors."

In 1717 the "Illinois Country," which had been in the jurisdiction of Quebec, was annexed to Louisiana, and in 1721 it was designated the Illinois District, one of the nine districts into which the Colony of Louisiana was divided by the Company of the Indies. At this time its limits extended from the Arkansas to the Illinois River, on both banks of the Mississippi.

In 1718 the French began, and in 1720 completed, Fort Chartres, about sixteen miles above the new Indian village of Kaskaskia, on the Mississippi River, and about fifty-four miles south of the present city of St. Louis, Missouri. In its time it was the most formidable fortress in America and the center of French power in the West. Before the completion of the fort, Philip Francis Renault, Director General of John Law's Company of the Indies, brought a large number of negroes from Santo Domingo, thus introducing African slavery into Illinois. In 1754 the Seven Years War between France and England began at Great Meadows in the forests of Pennsylvania with a clash between the Virginia troops under Col. George Washington and a French detachment under Jumonville, which he destroyed. A superior French force, to which Washington in turn was compelled to surrender a few weeks later, was made up in part of soldiers from the garrison of Fort Chartres, who reached the scene of hostilities by way of the Mississippi and Ohio rivers. In the following year, Captain Aubrey, with 400 men, was sent from Fort Chartres by the same route to re-enforce Fort Duquesne, where Pittsburgh now stands; and in 1759 another detachment from Fort Chartres was part of the French force defeated by Sir William Johnson in its attempt to raise the siege of Fort Niagara.

Things went from bad to worse with the French in India, in Europe and in America, where the colonial troops were of great assistance to the regular soldiers of Great Britain, and in 1763 the Treaty of Paris ratified the decision which the court of arms had rendered at Louisberg and Quebec some years before, and the New France, of which Champlain and La Salle had dreamed, and for which they had fought, became British territory, including the "old Illinois country."

The English Rule

The defeat of the French was complete, but occupation of the conquered territory by its new masters was not an easy matter. The Indians were still to be reckoned with, and even before the Treaty of Paris was signed, the great Chief Pontiac formed a conspiracy to seize all the English posts from Pennsylvania to Lake Superior. Most of them were taken by the savages, but Detroit and Fort Pitt (formerly Fort Duquesne) held out,¹ and in the following year the Indians between the lakes and the Ohio River were forced to submit to the palefaces from the east. On the tenth of October, 1765, Fort Chartres was occupied by the British, and henceforth their control over Chicago and the region tributary to it was limited only by such opposition as the Indians could make.

In 1701 a fort and trading post called Fort Pontchartrain was established at Detroit by Antoine de La Mothe Cadillac. It soon became the headquarters of French trade and influence in the Northwest. The fort at that place was garrisoned by 120 men, and there were in 1776 about 350 others, mostly French, in the town and vicinity. Vincennes had at this time a total population of two or three hundred; Ouiatanon, sixty or seventy persons, and the settlements at Kaskaskia, Cahokia and elsewhere on the American bottom, about a thousand whites and as many Indians and negroes, most of the latter being slaves. As late as 1770 there were few permanent settlements on the north side of the Ohio River below Fort Pitt; and but for those at the other points above mentioned, and a few traders here and there, the whole region west of central New York and central Pennsylvania and north of the Ohio was a wilderness when the Revolution began in 1775.

England Opposed to Settlement of Northwest

From the first the fur trade had been considered of such importance that the British government discouraged colonization of the Northwest. Only a few months after the treaty of cession in 1763 the Mississippi Land Company was formed, "for the purpose of planting a colony" whose boundaries were to include several thousand square miles on the east side of the Mississippi River from a point one hundred and twenty miles above the mouth of the Ohio to a point ninety miles below that junction, and comprise portions of southern Illinois, Indiana, western Ken-

¹ Governor John Reynolds in his *Pioneer History of Illinois*, p. 7, names the following forts, trading posts and settlements which were to be destroyed: Detroit, Mackinac, Green Bay, St. Joseph, Ouiatenon or Weastown on the Wabash, Miami, Sandusky, Presque Isle, Le Boeuf, Venango, Ligonier, Pitt, Bedford and Cumberland. He says: "All these forts perished under the hand of Pontiac, except three."

tucky and Tennessee. Among the stockholders of the company were George Washington, Richard Henry Lee and other prominent men in Virginia and Maryland, as well as some Englishmen. Other companies were formed for a similar purpose, perhaps the most ambitious of these being one in which Governor William Franklin of New Jersey, son of Benjamin Franklin, was interested. The proposed boundaries of this colony included all of the present State of Illinois, a considerable portion of Indiana, a small part of Ohio and Michigan, and the southeastern part of Wisconsin. Both of these companies, and others, had agents in England, who for several years urged their claims upon the British ministry, and at one time with some prospect of success. But New Orleans was the only practicable outlet for the settlements on the Mississippi River, and that port, as well as all the vast territory of Louisiana west of the Mississippi, was in the hands of Spain. The most remarkable and persistent effort to secure a large grant of land was made by a British subject living in Kaskaskia, who in June, 1773, held a council with the chiefs of several tribes of Illinois Indians, at which time, as he afterwards claimed, he purchased from them, for five shillings, and certain goods and merchandise, two tracts of land east of the Mississippi. One of them extended from a point on the Mississippi River about eighteen miles below the mouth of the Illinois, thence up the Illinois River to Chicagou or Garlick Creek, thence northerly by lines which are so indefinite that it is impossible to follow them, to the place of beginning. Murray formed the Illinois Land Company, associating other Englishmen with himself, but the Revolutionary War broke out, and in 1780 the company was reorganized as an American company, a constitution adopted, and a plan formed for the settlement of the tract or tracts, upon the establishment of peace. For some reason the promoters considered it advisable to submit their claims to the Congress of the United States. In February, 1781, they offered to cede to the United States government three-fourths of their alleged purchase, provided the United States would confirm their title to the remainder. Subsequently a committee of the House of Representatives reported favorably, but the report of the Senate committee was adverse, as "In the opinion of the committee, deeds obtained by private persons from the Indians, without antecedent authority, or subsequent information from the Government, could not vest in the grantees mentioned in such deed a title to the lands therein described." Another reason given by the Senate committee for its adverse report was the patent fact that "one of the deeds contains only a number of lines, without comprehending any land whatever." Congress wisely adopted the report of the Senate committee, and dismissed the petition. Nevertheless the persistent claimants made two subsequent efforts to secure favorable action upon their claims, but without success; and the site of Chicago, which was a part

of the land Murray claimed as his purchase, was ceded to the United States by the Indians at the Treaty of Greenville in 1795.

In 1768, General Thomas Gage, commander-in-chief of the British army in America, who prior to that time had advocated a western colony, changed his views on the subject, and in 1770 wrote to Lord Hillsborough, secretary of state for the colonies, "that no further time or money should be expended on that country, and particularly the Illinois country, because it would be of no conceivable advantage to the king's subjects, unless New Orleans was added to His Majesty's possessions." In 1773 General Gage wrote to Lord Dartmouth, who had succeeded Lord Hillsborough, "that the trade of the Mississippi, except that of the upper parts from whence a portion may go to Quebec, goes down that river; and has, as well as everything we have done on the Mississippi, tended more to the benefit of New Orleans than of ourselves." Perhaps the English view cannot be more plainly stated than in the report of the Lords of Trade to the Crown in 1772. They say: "The great object of colonizing upon the continent of North America has been to improve and extend the commerce, navigation and manufactures of this kingdom . . . it does appear to us that the extension of the fur trade depends entirely upon the Indians being undisturbed in the possession of their hunting grounds; that all colonizing does in its nature, and must in its consequences, operate to the prejudice of that branch of commerce. Let the savages enjoy their deserts in quiet. Were they driven from their forests the peltry trade would decrease."

To their extreme solicitude for the maintenance of the fur trade, and their chagrin that in spite of their expensive occupation of the country this traffic was finding its way to New Orleans, was added the necessity for retrenchment in military expenditure, owing to the heavy indebtedness incurred by Great Britain in the long period of warfare with France.

The Revolution

Probably these considerations alone would have been sufficient to prevent favorable action by the British government upon the petition of any of the proposed colonization companies for grants of land; but as the dispute between the colonies and the mother country over the question of taxation became more acute, they were re-enforced by another, less creditable to the humanity of Great Britain, to which reference will be made later.

The revolt of the colonies on the Atlantic Coast met with no response in the Northwest. British garrisons held the important posts at Niagara, Detroit, Mackinaw, Kaskaskia and Fort Pitt, and through these posts and the control of navigation on the Great Lakes and the St. Lawrence River, British traders remained in undisturbed possession of the fur traffic. On the other hand, it

is unlikely that the French and Canadians who comprised the greater part of the settlements then existing had an excessive love for the invaders who had conquered their countrymen a few years before. Indeed, it was the knowledge George Rogers Clark obtained as to the lukewarm allegiance of the French settlers in the neighborhood of Kaskaskia which led him in the spring of 1778 to organize the daring expedition that resulted in the capture by Clark and his Virginia riflemen of Kaskaskia and Cahokia, the only British posts west of Chicago. During the darkest days of the Revolution, while Washington and his ragged and starving soldiers were suffering inconceivable privation at Valley Forge, Clark, having obtained the sanction of Patrick Henry, Governor of Virginia, collected about one hundred and fifty men at Redstone, Pennsylvania, on the Monongahela. Descending this river and the Ohio, he secured reinforcements at Pittsburgh, and at the Falls of the Ohio, where Louisville now stands, landed at Fort Massac, marched a hundred and twenty miles through the forest, and surprised and captured, not only Kaskaskia, Cahokia and the other French settlements of the "Illinois country" on the Mississippi, but Fort Gage as well, with its garrison, Fort de Chartres having been abandoned in 1772 by the British commander on account of the ravages of the Mississippi River. In October, 1778, the legislature of Virginia passed an act establishing as the "country of Illinois" all that part of Virginia west of the Ohio or, in other words, the Northwest Territory. In the following winter, Colonel Clark, with 170 men, who endured terrible hardships, made his famous march across the country to Fort Vincennes, Indiana, which, with its British garrison under Lieutenant-Governor Hamilton, he captured by a spectacular attack. On the twenty-fifth of February, 1779, the Americans took possession of the fort and, in honor of the governor of Virginia, named it Fort Patrick Henry. The British had held the place only a little more than two months, and its occupation was only one step in Hamilton's plan for the recapture of Fort Gage and the French settlements on the Mississippi. In his post at Detroit, on the sixth of August, 1778, Hamilton received news of Colonel Clark's great exploit at Kaskaskia. He immediately began preparations for the recovery of the lost posts, and started on the seventh of October with a force of two hundred whites and three hundred Indians for Post Vincennes, the people of that settlement having been, meanwhile, persuaded by Father Gibault, an emissary of Colonel Clark, to submit to the Americans. An estimate by a recent writer of eight thousand as the number of warriors who could be mustered by the Indian tribes north and west of the Ohio river and east of the Mississippi at this time equals the number of Iroquois, Delawares and Wyandots as estimated by Sir William Johnson in 1768. Nearly all of them were hostile to the Americans, and they were encouraged

by the British to attack the settlements, and promised rewards for scalps.

Unforeseen delays caused Hamilton's original plans to miscarry, but he occupied Vincennes December seventeenth, the garrison of two men having capitulated after stipulating that they should be allowed the honors of war. He planned at once a grand converging movement of his Indian allies upon Kaskaskia for the spring of 1779. One of these bands of Indians under Charles de Langlade, a young halfbreed fur trader from Wisconsin, was to follow the west shore of Lake Michigan from Green Bay to the Illinois River by way of Chicago. Another band from the upper Mississippi under Gautier was to descend that river to Kaskaskia, while the Michigan Indians (Ottawas, Chippewas and Pottawatomies) were to join Hamilton himself at Vincennes and accompany him from Vincennes to the Mississippi settlements. It was a promising scheme, but Clark spoiled it all by the surprise and capture of Vincennes and the dispatch of his prisoners, including Hamilton, under guard to Virginia. When the Indians from the north, who were already on the way, learned of Hamilton's defeat and capture, they returned to their own villages, and preposterous stories of "Mr. Clark's" doings produced a panic in the garrisons of Mackinac and Detroit. During the remaining years of the Revolutionary War the British, with their Indian allies, made vigorous but futile attempts to recover their lost ground south of the lakes.

Clark, having retired to his base of supplies at the Falls of the Ohio, was within supporting distance of the Illinois settlements, and his defence of the region he had brought under the American flag was materially assisted by the French-Spanish attacks upon Saint Joseph. At the same time the British expedition under Sinclair against Saint Louis wasted resources which might have given the Americans much annoyance. A portion of Sinclair's force, defeated at Saint Louis, retreated by the way of the Illinois River, and at Chicago its destruction was averted by a rescuing force which arrived in two small vessels from the north.

Saint Joseph, Michigan, was at this time a far more important place than Chicago. A census taken in June, 1780, showed that it contained forty-eight French and halfbreed inhabitants.

The Pottawotamie Indians occupied the country around the head of Lake Michigan from Saint Joseph to Chicago, and the former appears to have been one of their most important headquarters. Fort Miami at this place had not been garrisoned since the massacre at the time of Pontiac's Conspiracy in 1763, but the trading post did a thriving business with the Indians, and carried a large stock of goods. Early in December, 1780, a small party of Frenchmen from Cahokia, under Jean Baptiste Hamelin, made a raid upon the traders at Saint Joseph while the Indians were

absent on their first hunt, "loaded their goods on packhorses, and with twenty-two prisoners" started for Chicago. (Quaife, p. 99.) A few days later they were overtaken by the Indians under a British officer, at a place known as Petite Fort, which is said to have been near the Calumet River, and only three of the raiders escaped.

A little more than two months after this raid, a force of some sixty Spaniards from St. Louis and Frenchmen from Cahokia, with two hundred Indians, again captured and plundered St. Joseph, and raising the flag of Spain, took formal possession of the country in the name of his Catholic Majesty. They remained only one day, returning to St. Louis without the loss of a man, and upon this short occupation the Spaniards based their claim that they had conquered the western country from Great Britain during the Revolution. It was the knowledge of this claim, and of the apparent purpose of France and Spain to restrict as far as possible the territorial expansion of the United States, which, in 1782, caused the American Commissioners to negotiate a separate treaty of peace with England, in violation of the terms of the alliance between France and the United States.

During all the years of disorder in the western country, beginning with the Iroquois' attack upon the Illinois Indians at the original village of Kaskaskia in 1680, Chicago was known only because of its portage, which, in a favorable stage of water, afforded easy transit from Lake Michigan to the Illinois River. Doubtless some Pottawatomie Indians lived near it; but the fact that no important trading post was located there shows that the Indian population in the immediate neighborhood was not very large. Indian and Frenchman, Canadian, Englishman, and American, priest and soldier, trader and explorer, crossed the Chicago Divide on errands of trade or war, or to convert the savages to the Catholic faith; but they left the place as they found it; and after a century of struggle for the mastery of the Northwest, which now contains about one-fifth of the people of the United States, the issue was decided by the surrender of Lord Cornwallis at Yorktown, and by the tenacity with which Col. George Rogers Clark held his positions on the Ohio and Mississippi rivers.

After the Revolution

When the Treaty of Paris was signed in 1783, and Great Britain acknowledged the independence of the United States, agreeing that the boundary between the two nations should run through the center of the water communications of Lakes Ontario, Erie, Huron and Superior to the Lake of the Woods, and thence west to the source of the Mississippi River, the American people had a right to expect that the Indian savages would no longer be

encouraged by Englishmen to continue their inhuman warfare upon the defenceless women and children of the border. But England, though defeated and humiliated by the result of war, cherished the idea that the people of the newly emancipated states would soon quarrel among themselves, and that one state after another would ask to be taken back into the British Empire. George III expressed this view, and unfriendly British navigation laws were enacted, apparently for the purpose of showing the "rebels" that their liberty was an expensive luxury. Furthermore, the profitable fur trade of the lake region was entirely in the hands of Canadian and British traders, and their monopoly of this traffic and consequent control of the Indians assured Great Britain a savage ally in the event of future hostilities between herself and the Americans. She refused, therefore, to surrender the northwestern posts, as provided by the Treaty of Paris, and soon assumed to exercise a protectorate over the Indian tribes on American soil.

In 1787 Congress adopted "An ordinance for the government of the territory of the United States northwest of the River Ohio," the conflicting claims of Virginia, New York, Connecticut and Massachusetts upon this region having been previously relinquished in favor of the federal government; and in 1788 Marietta, at the junction of the Ohio and Muskingum rivers, was founded, and American settlement of the Northwest Territory (as it was known until its subdivision into the territories of Ohio, Indiana, Illinois, Michigan and Wisconsin) began.

Whatever censure may be justly made of the action of individual white men in their intercourse with the Indians, the policy of the United States government towards the aborigines has been from the first characterized by forbearance and equity. Pursuant to this humane policy the government had, before opening the lands northwest of the Ohio to settlers, bought them from the Indian claimants, under the treaties at Fort McIntosh, January 21, 1785, at the mouth of the Miami, January 31, 1786, and these treaties were ratified January 9, 1789, by a treaty at Fort Harmar, negotiated by General St. Clair, the territorial governor of the Northwestern Territory.

The British government, for reasons already mentioned, determined to prevent, if possible, American settlement beyond the Ohio River. Unwilling to inaugurate another war with the United States, the claim was put forward that the Iroquois Indians of western New York, the faithful allies of the English during the Revolution, had, by their victories over the tribes northwest of the Ohio many years before, established some sort of suzerainty over them, and that the latter could not alienate their lands without the consent of their overlords, the Iroquois. (Critical Period of American History, John Fiske, p. 203.) This point was yielded by the United States in some of the treaties (*ibid*, 203), but the

British demand that all interviews between the Americans and the Indians should be held in the presence of Canadian officials was intolerable, and was intended to provoke, and did provoke, hostile acts on the part of the Indians. The latter carried on their barbarous warfare upon American settlers and their families, and the English government disclaimed responsibility for their acts. Two expeditions against the hostile Indians, one under General Harmar in 1790, and one under General St. Clair in 1791, met with defeat, the latter expedition resulting in the loss, in killed and wounded, of more than 900 men, about one-half of the number engaged on the American side.

Even after this disaster, which had encouraged other Indian tribes to join the revolt, and after Colonel Hardin and Major Trueman were murdered by the hostiles, to whom they had been sent on a mission of peace, the government still tried to avoid a general war with the Indians.

After St. Clair's defeat, the English officials openly encouraged the Indians in their nefarious work and openly supplied them with arms and ammunition, as they previously had done under cover. The time had come when the United States was obliged to crush the Indians, or see the shameful campaign in which the latter had been the instruments of Great Britain successful, and the Northwest Territory again subject to the British crown. "Mad Anthony" Wayne, the hero of Stony Point, was chosen for the work. By constant drill, and by careful attention to all the details of military life, Wayne created an efficient army, with which he occupied the site of St. Clair's defeat, where he built Fort Recovery. Repulsing an attack made on the fort by a force of two thousand Indians, he moved forward into the heart of the hostile country and built Fort Defiance on the Maumee River. Skillfully screening his movements by an efficient force of scouts, led in part by William Wells, who will appear later as the hero of the Chicago Massacre, he struck the Indians and their Canadian and British allies at Fallen Timbers, routed them and pursued them to the walls of a fort which, for their encouragement, the British commander at Detroit had built and garrisoned with three companies of British regulars. After destroying the houses and stores of the British agents and traders adjoining the fort, Wayne laid waste the villages and cornfields of the Indians along the Maumee River, strengthened his forts, built a new fort, which was named Fort Wayne, upon the site of the modern city of that name, and went into winter quarters at Greenville, Ohio. British emissaries tried to induce the Indians to continue the war, but the latter were thoroughly beaten, and doubtless dissatisfied because their pale-faced allies had failed to come to their assistance in the hour of supreme need. Finally the Indians submitted, and the Treaty of Greenville was signed August 10, 1796. In a general way it recognized the Ameri-

can title to the lands in more than half of what is now the State of Ohio, including all as far west as Cleveland, and the whole of the southern part of the state, as well as the southeastern corner of Indiana. Other provisions included various reservations, most of them for the establishment of forts, the free passage of the rivers and portages connecting the proposed chain of forts, and the free use of the Chicago harbor, river and portage and the Illinois River. Among the reservations was one at the mouth of the Illinois River, another at Lake Peoria and, most important of all, "One piece of Land Six Miles square at the Mouth of 'Chickago' River emptying into the Southwest end of Lake Michigan where a fort formerly stood."

The British surrendered the Northwestern posts during the summer and fall of 1796, according to the terms of a treaty negotiated by John Jay in 1794, and one potent cause of irritation between the two nations was thereby removed.

Wayne's signal victory over the Indians at Fallen Timbers in 1794, and the Treaty of Greenville which resulted from it, preserved the Northwest from open hostilities between the races for fifteen years. During this time the stream of immigration from the Eastern States, long restrained by the border warfare, and heretofore diverted to Kentucky and Tennessee, which were populous enough to be admitted to the Union as States, the former in 1792 and the latter in 1796, began to pour into the newly opened lands in eastern and southern Ohio. A census taken in 1800 showed 45,028 white inhabitants within the limits of the State, and in 1803 Ohio was admitted to the Union, all the remainder of the Northwest Territory having been set off in 1800 under the name of Indiana Territory when Ohio was erected into a separate territory preparatory to statehood. The advancing wave of home-seekers did not, however, stop within the region ceded by the Indians, and even in 1800 the white population of the newly-erected Indiana Territory was nearly 5,000. The frontier had advanced westward many hundred miles, but the adjustment of relations between the Indians and the whites was as difficult as it was when the border lay just outside the settlements at Plymouth and Jamestown.

Rights and Wrongs of the Indians

A vast amount of unnecessary emotion has been excited about the treatment of the "nation's wards," and the entire term of existence of the American people has been stigmatized as a "Century of Dishonor." It is easy to cite examples of selfishness, of vice, of fraud and dishonesty on the part of white men in their dealings with the natives. It is easy to point to crimes of violence committed by white men upon the Indians for which juries of white men refused to convict the criminals. While General Har-

rison was Governor of the Indiana Territory, a party of Indian men, women and children was murdered by "three white villains" for the sake of a few furs valued at about fifty dollars. Governor Harrison made strenuous efforts to secure the punishment of the wretches, but because of the active sentiment against punishing white men for killing Indians," (Quaife, 181), he could accomplish nothing.

Colonel Hamtramck told General St. Clair, in 1790, "The people of our frontiers will be the first to break any treaty. The people of Kentucky will carry on private expeditions and will kill Indians whenever they meet them, and I do not believe there is a jury in all Kentucky who would punish a man for it." ("Westward Movement," Winsor, p. 421.) No one who has had any acquaintance with the frontier can doubt that this disregard for the lives and property of Indians has been a characteristic of the border since the first settlement of the country.

Nevertheless, those who indict the people of the nation because of the criminal faithlessness of frontier juries are as mistaken in their judgments as those who insist that the only good Indian is the one who is dead. Trouble was inevitable when the white man with his insatiable hunger for land, and the red man with his inappeasable thirst for liquor, came into contact. Each would bargain for the thing he desired most, and a conflict could have been avoided only by a stoppage of all intercourse between individuals of the two races and an agreement on the part of the United States that all the lands in the Northwest should remain forever the common property of all the tribes, none of it to be sold by the tribe occupying any portion of it without the consent of all. This is the demand made by the Indian Council at the mouth of the Detroit River in 1786, and formulated again by Tecumseh and his brother, the Prophet, during the half-dozen years preceding the outbreak of the War of 1812. In both cases British officials were active in fomenting trouble for the Americans. (See Michigan Pioneer Collections, Vol. 11, pp. 467-469.)

Who was to blame for all the bloodshed of the border warfare? God, only, knows. The result of the long conflict between the races has been so inexpressibly sorrowful to the Indian that no one can repress a feeling of pity for the weaker race. Because of this feeling, men and women who live remote from the border, and whose knowledge of the "noble red man" has been obtained from works of fiction, find pleasure in erecting a standard of inter-racial ethics, whose finality, according to their view, admits of no question. The white man was the intruder and, therefore, the guilty party, according to these would-be moralists.

A fairly respectable argument can be made to prove that the first European who landed at St. Augustine, or Jamestown, or Plymouth, or Quebec, should have remained only long enough

to purchase necessary provisions for his return voyage, and then should have sailed at once for the land whence he came. But he did not; and with every new immigrant new ethical problems arose, until presently their complexity baffled human judgment. Modern civilization is based upon the right of property, and especially the right to hold landed property. The Indian's conception of this theory was, to say the least, very vague. Barring the little patch of ground where his squaw cultivated a few hills of corn, he saw no value in land except as a place to hunt for game. A grove of walnut trees, a forest of oak or pine, which today would be worth a king's ransom, was valuable to the Indian only as firewood. The coal, the marble, the limestone, the granite, the oil, the iron, the zinc, the lead, the ores of precious metals were absolutely without value to him. The site of the great metropolis was a worthless sand dune and swamp. Conceding for the sake of argument the validity of his title, a pocket mirror, a string of beads, a hatchet or a gun was really of more value to him than the land he gave in exchange for it.

But what was his title based upon? Not occupancy certainly, nor use. Estimates of the number of Indians in North America at the coming of the white men vary widely. Probably the nearest approach to accuracy is attained by the Bureau of American Ethnology, which, in 1910, estimated that north of Mexico there were, at the period referred to, 1,150,000 Indians, of whom 846,000 were within the present limits of the United States. The bureau also estimated that the total 1,150,000 had been reduced to about 403,000 in 1910, a loss for the whole continent (north of Mexico) of sixty-five per cent.¹

Disregarding the increase in numbers since the Indian wars ceased, and assuming that, roughly speaking, one-half of the Indian population of the United States originally lived east of the Mississippi River, and one-fourth thereof north of the Ohio, and that the percentage of loss in that section up to the year 1812 was $66\frac{2}{3}$ per cent (it certainly was greater than the average loss for the whole continent), it would seem conservative to estimate the Indian population of the Northwest Territory in 1812 at 50,000 persons.

These 50,000 Indians, divided into more than forty tribes, without anything resembling a national organization or control, hunted and fished over about 248,000 square miles of land; or, in other

¹ Jedediah Morse's report to the Secretary of War in 1820 estimated the number of Indians at that date as follows:

Ohio	2,407
Indiana and Illinois.....	17,006
Michigan and Northwest Territory.....	28,380
	<hr/>
	47,793

John Moses in "Illinois, Historical and Statistical," Vol. I, p. 244, estimates the number in Illinois, in 1809, at about 18,000.

words, about sixteen thousand acres to each family of five persons. They had not bought it; they did not use it (except an insignificant portion). Furthermore, they had been at war with the Americans for a hundred and fifty years. They had listened to the evil counsels of French and English, and had begun hostilities over and over again in time of peace by their favorite amusement of murdering defenceless women and children. By all the laws of war (their own as well as the European) their lands and their property were at the mercy of the conquerors. They were at war among themselves most of the time, and in case of defeat by other Indians, their lives were forfeited as well as their property. Most of the Northwest territory, as we have seen, had been devastated by the inter-tribal Indian wars of the seventeenth and eighteenth centuries, and a large number of the aborigines had been killed by the Iroquois and other tribes allied with them. The only title which any of the Indians recognized to the land they used as their hunting ground was the ability to hold it against hostile attack.

Now, this was the difficult situation which confronted the American people when, by successful warfare against Great Britain and her allies, the Indians, they had acquired sovereignty over the trans-Ohio country. On the one hand, a white population justly exasperated by a hundred and fifty years of Indian treachery and barbarity, among whom there were few of the older families who had not suffered the loss of some relative or friend by tomahawk or scalping knife, or by the more horrible fate of captivity. The generation then living had had sad experience of the malignity of these savage foes, and ample opportunity to learn at Wyoming and Cherry Valley that the stories of Haverhill and Deerfield which they had heard from their grandsires were neither idle tales nor exaggerations of the truth.

On the other hand there was the Indian, unable to comprehend the white man's rules of land tenure; crowded out of his hunting grounds by the constant encroachment of the Americans; incited to warfare against them, now by the French, and now by the English, only to suffer defeat and additional loss; infuriated by the realization that the tide of immigration was, as Tecumseh expressed it, "a mighty water ready to overflow his people," and by the outrages committed by lawless white men upon Indians for which no redress could be obtained.

Doubtless the infinite wisdom and boundless love of the Man of Calvary could have devised some better method of adjusting the conflicting interests of two utterly incompatible social organizations than the mutual slaughter which ensued. Judged by the religion of love He taught, our countrymen, or some of them at least, have from the beginning fallen far short of their duty towards the Indians, just as every individual of the countless millions who, during the past nineteen hundred years have professed themselves

followers of the lowly Nazarene, has come short of his duty in every situation in life. But judged by the rule of force which has always governed human affairs, and especially the relations of communities at war with each other, the treatment of the Indians by the United States government has been characterized by the utmost generosity and forbearance.

The simple question of equity as it presented itself when the first white man landed on the shores of America had become hopelessly complicated by the innumerable points of contact due to the increase of white population, the growth of property values, the duties of one member of the social organization to another, and the duties of parents and husbands as protectors of those dependent upon them. In place of the lone sailor who, by stepping into his boat and pushing out a bow-shot from the shore, could have settled the "Indian question," there was, when the Revolutionary War closed, a vast population of several millions, touching the Indians along a frontier of two thousand miles. Chained to this frontier by family ties, by property interest, and by social duties, our ancestors of that day could not escape from the environment to which a century and a half of colonial dependance had brought them. During all the years of subjection to Great Britain they had been encouraged to fight their way into the wilderness which hemmed them in on the West. Their arms had been instrumental in winning the Inland Empire for the British Crown, and in expelling France from the Continent of North America; and finally, goaded by injustice, they had thrown off the yoke of their masters and accepted the independent responsibilities of administration which previously belonged to Great Britain, the dominant power. Prisoners of their environment, justly resentful towards the "Punic faith" of the English, who continued to incite the Indians to atrocities long after a treaty of peace was signed, waiving their rights as conquerors of a foe whose unparalleled cruelty to women and children, whose fiendish pleasure in the infliction of unnecessary suffering upon a helpless enemy warranted his extermination, our ancestors at once adopted the policy of purchasing the land from the Indians, which the United States has ever since pursued.

Early Settlers

The first white man who lived in Chicago after the close of the mission of the Guardian Angel, already referred to, appears to have been Pelate de Saint Ange. He came from Mackinac about 1765, bringing with him his wife, who was born of French parents at St. Joseph, Michigan, 1734. St. Ange died some years later and his widow moved to Cahokia, St. Clair County, Illinois, where she was twice remarried, and where she died in 1843, at the age of 109 years. She is said to have had a wonderful influence

over the Pottawatomies and other Indian tribes, and to have saved the whites from massacre on many occasions.

A trader named Guarie is said to have had a cabin on the west side of the north branch of the Chicago River near the Forks, as early as 1778. Gurdon S. Hubbard, in his autobiography (p. 41), says that "the field he cultivated was traceable on the prairie by the distinct marks of the corn hills" at the time he came to Chicago in 1818. The North Branch of the Chicago River was called the "Gary" river in 1823 by Keating. (Vol. I, p. 176.)

A notable character of the early days was a negro of mixed blood and unknown origin named Jean Baptiste Point du Sable, said by Mrs. Kinzie to have been a native of San Domingo, and by Matson ("French and Indians of Illinois River," pp. 187-191) to have been a runaway slave from the vicinity of Lexington, Kentucky. Mrs. Kinzie says he died in Peoria. (Waubun, p. 191.) It seems probable that he was at Chicago as early as 1779. In the same year he was arrested at the River Chemin (probably on the present site of Michigan City, Indiana) by a British officer who had been sent from Mackinac to oppose Colonel George Rogers Clark's design upon that post. He found Point du Sable in possession of a stock of goods which belonged, as was shown later, to a British trader named Durand, in whose employ he was. Among the articles in his inventory were ten 20-gallon casks of rum, which were worth nearly twice as much as all the balance of his stock. (Quaife, p. 140.)

Andreas says of him: "Here he lived until 1796—seventeen years. All that is known of his life during that long period is gathered from the 'Recollections' of Augustin Grignon of Butte des Morts, near Oshkosh, and published in the third volume of the Wisconsin Historical Society's collections."

Mr. Grignon says, "At a very early period there was a negro lived there, named Baptiste Point de Saible. My brother, Perish Grignon, visited Chicago about 1794, and told me that Point de Saible was a large man; that he had a commission for some office, but for what particular office I can not now recollect. He was a trader, pretty wealthy, and drank freely." It seems probable that in 1796 he sold his cabin and returned to St. Louis or to Peoria, where, according to proof which he made before a government commission, he had improved a farm of thirty acres as early as 1780.

Another early settler worthy of mention is Antoine Ouilmette, a French-Canadian or half-breed Indian, who claimed to have settled in Chicago in 1790, and who continued to live there until 1825, when he was assessed upon property valued at four hundred dollars, and even later, for in 1833 he signed the petition for the establishment of St. Mary's Catholic Church, the first church of that faith in Chicago. His wife was an Indian woman.

Another early settler was Joseph Le Mai, a half-breed whose wife was a Pottawatomie squaw. He is said to have bought from Point du Sable, in 1796, the cabin which he sold to John Kinzie, and to which Kinzie brought his family from Bertrand, or St. Joseph, Michigan, in 1804, after Fort Dearborn was built to protect the white settlers.

Fort Dearborn

No government on earth can command the respect of its own people, or of aliens, unless it possesses the means of enforcing submission to its decrees. Somewhere, as an attribute of its sovereignty, there must reside a power and a will to compel the obedience of those lawless individuals who are found in every community, and who menace the existence of despotic and liberal institutions alike. Nor is the existence of this power and determination alone sufficient. Even in the most civilized states there must be some visible token of the adequacy of the power, and some tradition, at least, of its use when required. There must be some ship of war, some fortress, some soldiers, some memory of Saratoga, or Yorktown, or Gettysburg, or Manila Bay.

If civilized communities, after nineteen centuries of more or less strict adherence to Christian ideals, can be kept in order only by frequent exhibition of the potential ability to punish infractions of law, still more necessary was the display of this power among the Indian savages, who, in their relations with the whites at least, recognized only the law of force, and who were embittered by what they considered the intrusion of the Americans, and their unfairness in occupying the lands which had been the hunting grounds of the red men from time immemorial.

It is not surprising, therefore, that when the United States, in 1796, came into possession of the fortified posts in the Northwest Territory, its officials soon realized the necessity of establishing a fort farther west than Detroit and Mackinac, which were then the extreme outposts in that direction. Detroit, Fort Wayne and Vincennes marked in a general way the frontier settlements; but north and west of the line connecting these posts extended for five or six hundred miles the Indian country, in which there were no white communities of importance except those at Kaskaskia and Cahokia on the American Bottom below St. Louis. Detroit and Mackinac were well situated to control what is now the State of Michigan, but useless as bases from which to administer the affairs of the wilderness beyond the Great Lakes, where lawless whites were to be repressed as well as Indian depredations to be prevented. It was found, too, that the change from British to American sovereignty was merely nominal so far as the Indians were concerned, because they were still held to the British interest

by the Canadian fur traders who continued to control that branch of traffic.

Military and political considerations combined to indicate Chicago as the proper place at which to locate a fort. It was in the center of the Indian country, at the head of navigation on the Great Lakes, easily supplied and re-enforced from Detroit and Mackinac, and not difficult of access from the white settlements on the Mississippi below St. Louis. As early as 1798 there were rumors that a post was to be established at Chicago in the autumn of that year, but no action was taken until March 9, 1803, when the Secretary of War, General Henry Dearborn, through Adjutant and Inspector General Thomas H. Cushing, directed Colonel Hamtramck, commanding the post at Detroit, to send an officer and six men, with one or two guides, through the Michigan forests to the mouth of the St. Joseph River, and thence around the lake shore to Chicago, in order to determine the practicability of this route for the march of a company of soldiers who were to garrison the proposed fort. This reconnoitering party was to blaze a trail, note suitable camping places, investigate the food resources of the region through which it was to pass, and select a site at St. Joseph where the company could encamp temporarily while quarters were being prepared in Chicago. If conditions were found favorable, Colonel Hamtramck was directed to send the garrison for the Chicago fort by this overland route under command of a "discreet, judicious captain" with pack horses for provisions and light baggage, and to send by sailing vessel around the lakes two pieces of light artillery, the necessary supply of ammunition, and proper "tools and other equipment for the erection and maintenance of a strong stockade post at Chicago" (Quaife, p. 130). Thus, eight weeks before the Louisiana Purchase Treaty was signed, and more than seven months before it was ratified by Congress, the War Department decided to build and garrison a fort at Chicago, a project which had been urged upon the French government more than a century earlier by Louvigny and Mautet, who proposed to organize a trading and exploring expedition to the southwest. The government of France did not look with favor upon this scheme, and nothing was done about it.¹

¹ Most historians assume that there was a fort at Chicago during at least a portion of the French regime. A recent writer (M. M. Quaife, pp. 42-50) combats this view with vigor. Like many political and religious disputes which have deluged the world with human blood, this moot question is one of definitions. What is a fort?

Quaife does not deny that La Salle, in the winter of 1682, erected some sort of defensive work to which he referred in a letter written June 4, 1683, as a "fort," and which Mason (p. 144) refers to as "the first known structure of anything like a permanent character at Chicago"; but he insists that "a log hut constructed by two men, and never garrisoned by any regular force, hardly merits the designation of a fort in the ordinary acceptance of this term, even though it was surrounded by a stockade."

Surely, this "fort," like many "forts" now existing along the sea coast

The century, and more, which had passed from the abandonment of the Guardian Angel Mission in the year 1700 to the arrival of the American soldiers who were to build and occupy the new fort in Chicago, on the seventeenth of August, 1803, were momentous years in the history of the world, and especially in the annals of America. Russia had become a power of the first rank, England had supplanted France as the leading world power and expelled her from the continent of North America, only to be herself expelled from the choicest portion of her possessions by the revolt of her colonies on the Atlantic seaboard, and to find her European leadership again challenged by the Emperor Napoleon. The colonies, growing in population and power, had occupied the forests of New York, Pennsylvania, Maryland and Virginia, crossed the Alleghenies, and poured a sufficient number of settlers into the West to add the States of Kentucky, Tennessee and Ohio to the Union, the latter having been admitted to statehood February 19, 1803, just before the order was given to build a fort at Chicago. But amid the shifting of the balance of power in Europe, the successful assertion of American independence and the rapid westward advance of the Republic, Chicago stood still. The slight importance given it in the early French days by the easy portage between the waters of the Illinois River and Lake Michigan was lost when the trade of the settlements on the American Bottom was diverted to New Orleans. White settlement of the region more immediately tributary to Chicago was impossible because of the hostility of the natives, and the Indian population had been so greatly reduced by causes heretofore explained that the fur trade was much less than formerly. The romance associated with the exploration of this unknown region, involving privation, danger and suffering for a political or religious ideal, faded with the disappearance of the heroes of the cross or sword whose deeds inspired it; and there were left at the settlement on the Chicago River, when the American troops arrived there, as the result of a hundred and thirty years of effort, only the splendid memories of Joliet, Marquette, Tonti and La Salle, and the sordid lives of three French and half-breed Indians who, with their squaws and papooses, composed the entire population of the village, if such it could be called.

The officer selected by the War Department to command the new post was Captain John Whistler, First Regiment, United States Infantry, an Irishman of English lineage, who came to

of the United States would be useless as a defense against modern weapons; but a log hut surrounded by a stockade and defended by resolute men, even with the firearms of that period, might have been impregnable to the assault of Indians armed only with tomahawks and bows and arrows, or even with muskets unless the besieged were greatly outnumbered.

Mr. Quaife's contention that the "fort at Chicagoo" to which Tonti refers in 1693, and which it has been asserted was garrisoned in 1685-6 by sixty men under command of M. de la Durantaye, was really the fort at St. Joseph, Mich., has in its favor some negative evidence, but little proof.

America with the troops under Burgoyne and was captured by the Americans at Saratoga. After receiving his discharge from the British army, he returned to America and settled in Hagerstown, Maryland. In 1791 he joined the American army, and served on the northwestern frontier until 1815.

The overland route from Detroit to Chicago through the forests of Michigan and Indiana having been found practicable for marching troops, Captain Whistler, who was out of health, accepted the offer of James Strode Swearingen, a lieutenant of artillery, who volunteered to lead the command to Chicago, Captain Whistler himself, with his family, going from Detroit by the schooner Tracy, which, under command of Lieutenant Dorr, also carried provisions and military stores for the new post.

The march of the troops under Lieutenant Swearingen was without incident. Leaving Detroit July 14, they reached the mouth of the St. Joseph River two weeks later, where they were made happy on the twelfth of August by the arrival of the "Tracy" with provisions, of which they were in need. Two days later they resumed their march along the lake shore, arriving at the Chicago River at two o'clock on the afternoon of August 17, 1803, having covered the ninety miles from the St. Joseph in three days.

The "big canoe with wings" was a source of wonder to the Indians, who collected in great numbers to view the strange apparition.

Lieutenant Swearingen makes the following entry in his journal under date of August 17, 1803: "Proceeded on our march at 6 o'clock A. M., 34 miles and encamped on the Chicago River at 2 o'clock P. M. This river is about 30 yards wide where the garrison is intended to be built, and from 18 feet and upwards deep, dead water, owing to its being stopped up at the mouth by the washing of sand from the lakes. The water is not fit to use. The bank where the fort is to be built is about 8 feet high and a half-mile above the mouth. The opposite bank is not so high, not being a difference of more than two feet, by appearances. The banks above are quite low."

Here, on the sand dunes which stretched along the lake shore for miles to the southward, was laid the foundation of the first structure representing the visible power of the United States, north of the French settlements at and near Kaskaskia, and west of the Great Lakes.

The Site of Chicago

Never, since Venice rose above the waters of the Adriatic, was there a less promising site for a great metropolis than the dreary waste along the banks of the sluggish stream, near the mouth of which Captain Whistler was to build his stockade. The eight-foot elevation of the point chosen for the fort, just south of

where Rush Street bridge now stands, afforded good drainage, but towards the west the ground sloped to a slough which discharged its waters into the river near the spot where State Street now crosses that stream. Farther west the ground was low and there was "a quantity of underwood and shrubby bushes, such as prickly ash, etc." South of the Forks, there was a narrow belt of timber along the South Branch, and about a mile south of the Forks, and east of the timber, a meadow, from which in later years the garrison was supplied with hay. Upon the sand dunes along the lake shore already referred to were occasional clumps of small trees, one of which, afterwards known as "The Pines," was about half a mile south of the fort; and near this grove of stunted pines the Chicago River emptied into Lake Michigan. Once the mouth of the river had been near where it is today, but prior to the time now under consideration northeast winds had completely blocked its egress to the lake by a sandbar which extended southward nearly to "The Pines" and forced the river to make a sharp bend around the high ground selected for the fort, and to flow southward parallel with the shore of the lake, about as far as the Madison Street of today, where across a sand bar it succeeded in finding an outlet near "The Pines." South of Madison Street and west of the sand dunes began the prairie which Captain Whistler, some years later, said was "of great extent."

On the north side of the river the banks of the main stream were, for the most part, high enough for drainage, and much of the land was wooded, the heaviest forest being adjacent to the North Branch. In the vicinity of the modern North Franklin Street, however, a well-defined bayou, which began about half a mile farther north, discharged its waters into the river.

Life at the Fort

Lieutenant Swearingen returned to Detroit on the "Tracy." Captain Whistler and his family, which included his wife and his son, Second Lieutenant William Whistler and his young wife, were made as comfortable as circumstances would permit in a cabin belonging to one of the three traders, Ouilmette, Le Mai and Pettie, who then comprised the business community of Chicago, while the enlisted men lived in tents.

A scarcity of draught animals and the want of necessary tools and supplies for the men delayed work upon the fort, and there was much bilious fever among the troops during the late summer and autumn. The sickness abated when colder weather set in, and, luckily, the early part of the winter was open enough to prevent suffering among the soldiers, who were still under canvas, or in temporary huts. That Captain Whistler prosecuted the work to the best of his ability is shown by a letter from Colonel Kingsbury, congratulating him upon the accomplishment of so much with his

insufficient resources. But even at the date of this letter, July 12th, 1804, the fort was not finished, and half of the garrison were ill with the fever and other diseases. Similar reports of sickness came from nearly all the western posts, where fever and ague made life a burden during a considerable part of the year. Lieutenant Rhea, on the Maumee, reported half his men on the sick list, and "musketoos" "so thick that a well person cannot sleep at night." He thinks it was never intended that a Christian should be posted at such a place.

Life at a frontier army post in time of peace is irksome at best, and doubly so it must have been to the officers and men of all the western posts where "fever and ague" prevailed extensively. Nowhere could this feeling of loneliness and isolation have been more acute than at Fort Dearborn, the farthest outpost of the United States, west of the Lakes, surrounded as it was by Indians, never really friendly, and soon to come under the influence of Tecumseh and his brother the Prophet.

Tecumseh and the Prophet

This remarkable Indian, the offspring of a Shawnee father and a Cherokee mother, was born near the site of the present city of Springfield, Ohio, about 1770. He participated in the battle at Fallen Timbers under Blue Jacket, in August, 1794, but did not take part in the council resulting in the Treaty of Greenville in the following year. He soon became known as an orator, and a chief, and in 1805 settled in Greenville, Ohio, with several bands of Shawnee Indians. Tecumseh saw, with clear vision, that contact with the whites was bringing the people of his race to poverty and vice, and would result in their extinction in the near future. He hated the Americans with his whole soul, and was ably seconded in his propaganda against them by his brother, known as the Prophet, who played upon the superstitious nature of the Indians, claiming to receive from the Great Spirit revelations of His will. The great project to unite all the western Indians in an alliance against the Americans seems to have taken form about 1804, and in 1806 the Prophet sent to the tribes far and near this pretended revelation from the Great Spirit:

"I am the father of the English, of the French, of the Spaniards, and of the Indians. I created first the man, who was the common father of all these people, as well as yourselves; and it is through him, whom I have awaked from his long sleep, that I now address you. But the Americans I did not make. They are not my children, but the children of the evil spirit. They grew from the scum of the great waters where it was troubled by the evil spirit, and the froth was driven into the woods by a strong east wind. They are numerous, but I hate them. * * * I am now on the earth, sent by the Great Spirit to instruct you. Each village

must send me two or more principal chiefs to represent you, that you may be taught. * * * Those villages which do not listen to this talk and send me two deputies will be cut off from the face of the earth."

This skillful appeal brought many hundreds of pilgrims to the Prophet's shrine, and in the following year the English, anticipating war with the United States over the "Chesapeake" affair, turned the excitement to good account by summoning the American Indians to Malden to receive presents of guns, ammunition and other supplies, which they distributed to them with a liberal hand. (Travels Through the States of North America, Weld, Vol. II, Letter 34.)

Territories of Michigan and Illinois

In 1805 (January 11th) Congress passed an act setting off from Indiana Territory all that portion thereof lying north of a line due east from the southern extremity of Lake Michigan and naming it The Territory of Michigan. On the third of February, 1809, Indiana Territory was again divided, the act of Congress setting off The Territory of Illinois, which embraced all of the present states of Illinois and Wisconsin and the northern peninsula of Michigan. :

Tippecanoe

Meanwhile the influence of the greatest man of the Indian race continued to increase, and in June, 1809, a large number of warriors from various tribes under his leadership gathered at the "Great Clearing," where Tippecanoe Creek empties into the Wabash River. Here, a hundred and fifty miles north of Vincennes and a hundred miles southeast of Fort Dearborn, they were instructed by the Prophet and urged to abstain from liquor, preparatory to the forcible assertion of what they were taught to believe their rights. "From Florida to Saskatchewan," it is said, the Prophet's teachings influenced the lives and habits of the Indians. (Quaife, p. 189.) Tecumseh traveled far and wide, urging the adoption of his plan for a union of all the tribes, and in 1810, at the Council of Vincennes, boldly informed General Harrison of his intention to stop the encroachments of the whites, and demanded that the lands purchased from the Indians by several recent treaties, and including portions of Ohio and much of Indiana, should be relinquished, and those treaties set aside under threat of war.

Numerous acts of violence occurred at scattered points along the border; horses were stolen, men murdered and, the settlers becoming alarmed, appealed to Governor Harrison for protection. Believing their fears well grounded, he assembled a force of about 800 men, marched to Tippecanoe Creek, and went into camp about three miles from the Prophet's Indian village. Here he was attacked after midnight, November 7th, 1811, by the Prophet and his fol-

lowers, the latter having been made to believe that their leader's incantations had made them immune to the bullets of the "Long Knives," as they called the Americans. After a desperate fight, in which both sides lost heavily, the Indians were repulsed, and Tecumseh (who was absent at the time) upon his return denounced his brother for the premature attack, which prevented the consummation of his great plan.

Acts of Violence in Chicago and Vicinity

Through all these years of turmoil along the Wabash and its tributaries, Chicago and the Illinois country in general were not seriously disturbed. Not that the Indians in this region were unaffected by the great unrest for which Tecumseh and his brother were responsible, or that they were really friendly, but there was no great outbreak. As early as June, 1805, Black Bird, one of the chiefs who afterwards took part in the massacre of the garrison of Fort Dearborn, went to Malden to solicit the help of the British authorities against the Americans.

A year later, in June, 1806, Captain Wells at Fort Wayne was told by a French trader that the Ottawas, Chippewas and Pottawatomies intended to surprise Detroit, Mackinac, Fort Wayne and Chicago.

"In 1808, Jouett, the agent at Chicago, reported that the neighboring Indians were planning a visit to the Prophet."

"In 1810 the Indians of Illinois committed a series of depredations and murders along the Mississippi border. (Quaife, 193.) In July four white men were killed near Portage des Sioux by a band of marauding Indians engaged in a horse-stealing expedition."

Governor Harrison and Governor Edwards both tried to secure the surrender of the criminals, but without success. One of them was Nuscotnemeg, who participated in the Chicago massacre. Main Poc, who made demonstrations against Fort Dearborn in 1808, was active in this delivery.

Such outrages as these had been ordinary incidents along the border ever since Miles Standish in Massachusetts and Captain John Smith in Virginia stood between the colonists and destruction. But these atrocities in Illinois were the work of small bands of Indians, and while they displayed the prevalence of a hostile spirit on the part of the savages, there were many of the older men among them who were as friendly to the whites as they dared to be, and there was no general outbreak.

That no great battle (except the massacre at Chicago) between the races ever occurred within the present limits of the state of Illinois was due in part to the fact that, before the frontier advanced into her territory, Indian power had spent itself in contests with the whites farther east, and also to the greater distance of Illinois from Canada, where "their 'British Fathers,' as they called them,

had subsidized all the tribes north of the Ohio, * * * by an annual distribution of presents at Malden, Canada, about twenty miles below Detroit. (History of Illinois, Blanchard, p. 50.)

Garrison Quarrels

Some of the officers at Fort Dearborn, in default of active service, found time to indulge the petty jealousies which often impair the efficiency of a garrison similarly situated and disfigure the records of those who take part in them. There is nothing to indicate that Captain Whistler was not an exceptionally capable post commander, but his age and infirmities offered opportunity for the formation of a cabal among ambitious juniors, and during almost seven years that he commanded the post there were two serious feuds, in which civilians as well as officers of the army took part. So many charges and countercharges had been made, that in April, 1810, the War Department relieved Captain Whistler and ordered him to Detroit to take command there. This transfer was in the nature of a vindication of Captain Whistler, as Detroit was a two-company post, "the largest and most important military station in the Northwest," while Mackinac, Fort Wayne, Fort Harrison, near Terre Haute, and Fort Dearborn were all one-company posts.

John Kinzie

If life at the fort was dull (save for the quarrels) during the years after the post was established, it was otherwise outside the palisades. John Kinzie, who had learned the trade of a silver-smith in his boyhood at Quebec and who later became an Indian trader at Sandusky and Maumee and Saint Joseph, moved with his family to Chicago in the spring of 1804, and occupied the Point de Sable cabin, which he bought from Le Mai. Kinzie was about forty years old at this time, an energetic man, and his long experience with Indians and wide acquaintance among them brought much trade to his "house." Within a short time, it is said, he established branch trading posts at Milwaukee and on the Illinois, the Rock and the Kankakee rivers.

Even before his removal from Saint Joseph to Chicago, as his books show, he was conducting trading "adventures" at Peoria and elsewhere. Thomas Forsyth, his half-brother and partner, managed the establishment at Peoria, although in a legal document executed in 1804 John Kinzie and Thomas Forsyth are described as "Merchants of Chicago."

Prices of some well-known commodities in Chicago at an early day are interesting. The following are from Kinzie's account books: Corn, \$1.50 to \$2.50 per bushel; tobacco, 50 cents per pound; whisky, \$1.25 per gallon; flour, 10 cents per pound; raisins, 50

cents per pound; tea, \$2.50 per pound; powder, \$1.50 per pound; butter, 50 cents per pound; shot, 33 cents per pound.

In addition to his trading operations at Chicago and elsewhere Kinzie's books show that he frequently contracted for the transportation of goods across the Chicago portage, his charge for carrying a "pack" of furs from "Mount Joliet" to Chicago being, according to an entry made in 1808, two dollars. The wages of a common laborer at this time appear to have been about fifty cents per day.

Indentured Servants

The most remarkable entry in Kinzie's books, however, is under date of April 25, 1809:

"Francis Bourbonnais, Dr.

To one negro wench, sold him by Indenture, £160."

This transaction and another, which will be described presently, show that a method had been devised to evade the provision of the Ordinance of 1787, which prohibited slavery in the Northwest territory, "otherwise than in the punishment of crimes, whereof the party shall have been duly convicted."

But this ordinance also guaranteed to "the French and Canadian inhabitants and other settlers of the Kaskaskias, St. Vincents and the neighboring villages who have heretofore professed themselves citizens of Virginia," the retention of "their laws and customs now in force among them, relative to the descent and conveyance of property." One of "the laws and customs" was the right to hold slaves, which were introduced into the Illinois country by the French in 1720. Neither the English government, to whom the control of affairs passed by the Treaty of Paris in 1763, nor the state of Virginia, which succeeded English sovereignty by virtue of Colonel George Roger Clark's conquest in 1778, laid any restrictions upon the holding of slaves by the settlers of this region. (Harris, p. 5.) General St. Clair, the first governor of the Northwest Territory, interpreted Article Six of the Ordinance "as intended only to prevent the introduction of slaves, and not as aiming at the emancipation of those already there," and soon this view was universally accepted. As early as "1803 it was found necessary to provide some legal status for the numerous indentured blacks, and the Governing Council of Indiana Territory, to which all Illinois and Wisconsin and the northern peninsula of Michigan belonged, drew up a code legalizing the system of indentures which already existed. The long term of indenture permitted by this code reduced the indentured servant to a condition little removed from slavery, and some of the French at Cahokia continued to claim as slaves the descendants of those who had been in servitude, until in 1844 the Supreme Court of the State of Illinois declared that "the

descendants of the slaves of the old French settlers, born since the Ordinance of 1787, and before or since the adoption of the Constitution of Illinois cannot be held in slavery in this state," and thus finally freed Illinois from the blight of slavery, in fact as well as in name.

In 1804 Chicago was located in Wayne County, Indiana Territory, whose county seat was Detroit. In May of that year a "Negro man," named Jeffrey Nash, signed, by making his mark, articles of indenture, whereby in return for "meat, drink, apparel, washing and lodging, fitting for a servant," he bound himself for seven years to serve John Kinzie and Thomas Forsyth, "Merchants of Chicago." By this indenture Nash agreed, among other things, that for the space of seven years, himself "the said servant his said Masters shall faithfully serve, their secrets keep, their lawful command everywhere gladly obey. He shall do no damage to his said Masters. He shall not waste his Masters goods nor lend them unlawfully to others. He shall not commit Fornication nor contract Matrimony within said Term. At dice Cards or any unlawful game he shall not play whereby his said Masters may be damaged with his own goods or the goods of others during the said Term without license of his said Masters he shall neither buy nor sell he shall not absent day nor night from his said Masters Service without their leave nor haunt Taverns or any place or places without permission from said Masters but in all things behave as a faithful Servant ought to do during the said Term."

Forsyth took him to Peoria and held him there as a slave for several years. At last he escaped from bondage and found his way to New Orleans. Forsyth and Kinzie brought suit in New Orleans to recover possession of Nash, contending that he was their lawful slave, and witnesses from Peoria testified that he was known there as such. Kinzie and Forsyth also produced what purported to be a Bill of Sale of Nash to them, executed a few months prior to the time he became their indentured servant. The case went to the Supreme Court of Louisiana, which decided in favor of Nash, and he was set at liberty.

The fur trade was profitable and Kinzie prospered. His wife was an agreeable woman, whose first husband was a Detroit militia officer in the British Indian Service, named McKillip. He was killed during Wayne's campaign on the Maumee, leaving a daughter, Margaret, who accompanied her mother to Chicago and later married Lieutenant Helm, a young officer, of whom more will be heard in due time. There is a romantic story of Kinzie's previous matrimonial relation with Margaret McKenzie, who had been a captive among the Indians for many years, which those who are interested can find in Andreas' "History of Chicago," Blanchard's "The Northwest and Chicago," and elsewhere. Whether or not this union had legal or ecclesiastical sanction is a question which

was debated for years with some warmth by members of Kinzie's later family on the one side and the descendants of the children borne to him by Margaret McKenzie on the other. Two of her three children by Kinzie came to Chicago.

Perhaps the truth about these matrimonial complications will never be known, and at all events, public opinion on the frontier always has been tolerant in cases of this kind, and if formal ceremony were lacking, the parties could plead the authority of custom.

Kinzie's hospitable fireside on the north side of the river opposite the fort, and on the site now occupied by Kirk's Soap Factory, near the corner of Kinzie and Pine Streets, soon became the center of such social life as there was in the isolated settlement about the fort. At first Chicago "society," or at least the feminine contingent, must have consisted of the wives of the two Whistlers, Miss Sarah Whistler and Mrs. John Kinzie, wife of the trader. The first society event was the marriage, on the first of November, 1804, of Miss Sarah Whistler to Mr. James Abbott, a Detroit merchant, and the ceremony was performed by Mr. Kinzie. Ellen Marion Kinzie was born in December, 1805, and it might be in order to call her arrival a "society event."

In the following year the United States Government established a "factory" at Chicago, this being in reality a government shop intended to enable the Indians to exchange their furs for such goods as they should need upon terms which would afford little or no profit to the "factory," and force the traders to be satisfied with smaller profits, or to abandon their business. Of course, there was vigorous opposition to the "factory" system on the part of the traders, because the "factory" could give the Indians more favorable terms of exchange for their furs than the traders would give them, and the latter could hold a considerable portion of the trade only by extending credit to their customers and by selling them liquor which the "factors" were prohibited to do. The patronage of the soldiers, small as it must have been, was sought by Kinzie, who in 1807 made a partnership with John Whistler, Jr., a young son of the post commander, for the purpose of supplying the garrison trade. This, in turn, met with the opposition of Matthew Irwin, who was the Government factor, and who seems to have been Government contractor for such provisions as were furnished by the Government to the soldiers. The partnership between Kinzie and young Whistler was dissolved in 1809, evidently with more or less ill feeling on both sides, and the feud to which reference has already been made soon developed, with Kinzie, Irwin, Jouett, the Government Indian agent, and Lieutenant Thompson on one side, and Captain Whistler, Lieutenant Hamilton, who was his son-in-law, and Dr. John Cooper, surgeon of the post, on the other. Every man of any importance in the community was arrayed on one side or the other of this quarrel, which became

more personal because of the small numbers involved, and because of their isolation from all the world outside.

Under these circumstances, and remembering the social attraction of a well-ordered home like the Kinzies, presided over by a charming matron, it is not surprised that one young officer after another should have espoused the Kinzie side of the dispute and been led into words and acts subversive of all military discipline.

It would be a grateful task for the historian to record, if that were possible, that the transfer of Captain Whistler and Lieutenant Hamilton and the death of Lieutenant Thompson, which occurred in March of the following year, together with the assignment of a corps of new officers to Fort Dearborn, restored harmony in the settlement, and discipline in the garrison. But, whatever the early relations of the Kinzies to the new commander of the post may have been, their attitude toward him at the supreme crisis, which arrived a little more than two years after he assumed command, their persistent attempts to discredit him and his conduct at the time of the massacre and to exalt the conduct of his subordinates, Helm and Ronan, indicate that the Kinzie influence, for some reason or other, was prejudicial to the loyalty which every soldier owes to his superior officer.

Captain Heald in Command

In April, 1810, Captain Nathan Heald, who had been in command at Fort Wayne, was ordered to take command at Fort Dearborn. He was not pleased with his new post, and in the autumn of that year asked for leave of absence and spent the winter in Massachusetts. He returned to Chicago by way of Pittsburgh and Louisville, and at the latter place, on May 23rd, 1811, he married Rebekah Wells, daughter of Colonel Samuel Wells and niece of Captain William Wells. He reached Chicago, accompanied by his bride, in the following month, after a journey on horseback through the Indiana wilderness. About the time Captain Heald returned to Fort Dearborn with his bride, Lieutenant Linai T. Helm was transferred at his own request from Detroit to Chicago to fill the place of Lieutenant Thompson, one of the young officers who was involved in the quarrel of the preceding year, and who died on the 4th of March, 1811. In the same month of March, 1811, George Ronan, a young West Point cadet, was ordered to proceed to Fort Dearborn at once and given the rank of ensign, and he must have reached his post about the time Captain Heald and Lieutenant Helm arrived.

There were some additions to the little settlement during the eight years following the completion of the fort. A man named Burns had a cabin on the north side of the river west of the Kinzie house, and Charles Lee, who had a farm on the left bank of the

south branch of the river, about where Center Avenue now intersects West Twenty-second Street, also built a dwelling house for himself and family, just south of the fort. The Agency House was west of the fort and was built in 1805 by Charles Jouett, the first Indian agent.

The unpreparedness of the United States, for which it has paid so dearly in the early part of all its wars, was conspicuous in 1812. The unreasonable prejudice of many Americans against a standing army and Thomas Jefferson's absurd notions about military and naval affairs, had prevented the maintenance of an armed force commensurate with the needs of the growing nation, and notwithstanding an increase in the army authorized by Congress in the early part of the year 1812, the Secretary of War reported on the 12th of June in that year a total of 6,744 men in the regular establishment.

The British regular force in Canada at this time was very small, probably about 1,500, but there was a considerable body of Canadian militia, and the British had on American soil a very large number of Indian allies, who had been kept under pay for years by the distribution of "presents" at Malden, and who constituted a body of light troops unsurpassed for warfare in the forests which then covered the frontier. The disparity of naval force was very great.

"At the outbreak of the war (of 1812) there were eighteen vessels in the navy of the United States, ranging from 44-gun frigates to 12-gun brigs. There were also 176 gunboats, on which a large sum of money had been expended, but which were of no use whatever. The annual abstracts of the British navy show that it possessed at this time 230 ships of the line of from 60 to 120 guns each and 600 frigates and smaller vessels. From the English standpoint, no vessel of the American fleet was large enough to take her place in the line of battle or was regarded as being really a combatant." (Winsor, vol. 7, p. 377.)

As might have been predicted, the British and their Indian allies were the first to strike. On the 16th of July, 1812, two hundred and twenty-five troops and four hundred Indians captured the fort on the island of Mackinac, with its garrison of sixty-one officers and men, whose first intimation of existence of war was conveyed by the British commander's summons to surrender.

In the early part of 1812 Governor William Hull of the Territory of Michigan, an officer who served with credit in the Revolutionary War, accepted with reluctance a commission as brigadier general in the United States army, with the understanding that he was to continue to perform his civil duties as usual. He was conscious of the difficulties which were certain to be encountered in the defense of Detroit and the other posts on the Great

Lakes and had for years repeatedly urged upon the government the expediency of building enough armed vessels to maintain control. In his memorial of June 15th, 1811, he says, "Prepare a naval force on Lake Erie superior to the British and sufficient to preserve your communication."

This had not been done, but Hull was given a force of about fifteen hundred men, only one-fifth of whom were regular troops, and directed to accomplish the impossible task, not only of defending Detroit, but of conquering Upper Canada, while his long line of communications through the forest between Detroit and Urbana, Ohio, his nearest base of supplies, was in constant peril from incursions of the enemy, which their control of navigation on Lake Erie rendered easy and inevitable.

After cutting a road through 200 miles of forest, Hull, with the advance guard of his army, reached Spring Wells, just below Detroit, on the 5th of July, 1812, having received news three days before that war had been declared against Great Britain on the 18th of June. On that day "Secretary of War Eustis wrote two letters to General Hull. In one of these no mention was made of this important event; in the other it was distinctly and officially announced. The former of the two was carefully made up and expedited by a special messenger, who arrived in the general's camp on the 24th of June, while the latter was committed to the public mail as far as Cleveland, and thence, through a wilderness of one hundred miles, to such conveyance as accident might supply!" (Armstrong, vol. I, pp. 47-48). "The result was that the declaration did not reach its destination until the 2d of July, two days after the information had been received by the enemy at Malden." (Ibid. 48.)

Encouraged by the Secretary of War and urged by the impatience of the officers and men of his command, Hull crossed the Detroit River on the 12th of July, threatening the British fort at Malden, and sent out foragers to collect provisions for his troops.

As we have seen, Fort Mackinaw fell on the 16th of July and Hull was apprised of this disaster on the 29th. About this time he intercepted a letter from a member of the Northwest Company at Fort William on Lake Superior, giving an account of the mustering of thousands of Indians and many hundred traders, who were preparing to join the British force at Malden.

Colonel Proctor, the British commander, arrived at Malden with reinforcements about this time; all hope of assistance in the invasion of Canada from the troops at Niagara was dispelled by news of the one-sided armistice which General Dearborn had concluded with Sir George Prevost, leaving the latter free to send all his troops to oppose General Hull, while binding the Americans to inaction. Hull was also informed by General Hall and General Porter, commanding at Niagara and Black Rock, that "a large

number of boats filled with British troops had passed over Lake Ontario on their way to Malden, and that they could promise no assistance from that quarter." But, worst of all, on the 5th of August, a detachment of two hundred men under Major Van Horne, who had been sent to the River Raisin to escort a quantity of provisions and other supplies, collected in Ohio by Governor Meigs, was roughly handled by a force of British and Indians at Brownstown at the mouth of the Huron River, and the brilliant success of Lieutenant-Colonel Miller at Maguaga four days later did not enable the officer to reach Captain Brush at the River Raisin or obtain his needed supplies.

The campaign was now hopelessly lost. Lack of military preparation, absence of all attempt at naval readiness, an inefficient commander on the New York border, absolute inability on the part of the authorities at Washington to comprehend the magnitude of the task they had imposed upon General Hull, and to push forward necessary reinforcements, criminal carelessness in neglecting to advise him promptly of the declaration of war, had almost doomed his expedition to failure before it reached Detroit. Perhaps a Sheridan or a Stonewall Jackson, by an immediate assault upon Fort Malden, might have captured that stronghold with the undisciplined, inexperienced and somewhat insubordinate militia who composed four-fifths of General Hull's army, and without the artillery which he considered indispensable. But with the enemy in command of the lake; with the road to the east open to the unlimited resources of Great Britain, and the forests from Niagara to the Mississippi River swarming with hostile Indians, it could hardly have been held permanently. The ease with which Upper Canada was overrun in the following year, after Commodore Perry's victory on Lake Erie, emphasizes the soundness of General Hull's admonition as to the vital nature of naval superiority on the Lakes.

Having decided against the only line of operations which offered a possibility of even temporary success and having permitted the opportunity to pass, General Hull, with his communications interrupted, wisely determined to abandon his Canadian campaign and return to Detroit, which he did on the 8th of August. On the following day, as already related, Lieutenant-Colonel Miller defeated an attack in which most of the British garrison of Malden and Tecumseh's Indians participated, and which failed of decisive results only because command of the lake enabled the enemy to escape in boats. Why General Hull, with the clear military vision he had shown hitherto, did not realize and at once act upon the patent fact that his paramount necessity was the maintenance of his "cracker line," extending 200 miles through a wilderness, "and in a great part of its length skirted by the lake commanded by British ships" (Armstrong, vol. I, p. 49), with a British fortress

and garrison just across the Detroit River, twenty miles below the city, is no more astonishing than his neglect to notify the commanding officers at Fort Mackinac and Fort Dearborn of the declaration of war as soon as he himself was informed of it. There is nothing to show that he ever notified Captain Hanks at Fort Mackinac, and as Captain Heald at Fort Dearborn did not receive information of the existence of war until August 9th, it is probable that General Hull overlooked this garrison also for about four weeks. If General Hull, on the 2d of July, upon receipt of the news, had instructed Captain Heald to abandon Fort Dearborn and proceed to Fort Wayne, there is little doubt that the garrison and the women and children could have reached that post in safety. The result of General Hull's neglect, as far as it relates to the fortunes of Chicago, will be told in the next chapter by Colonel H. O. S. Heistand of the United States army. For more than a hundred years civilians of all sorts and of both sexes have passed judgment upon the principal actors in the tragedy at Chicago, and without the knowledge of facts which have been brought to light in recent years. The opinion of an educated soldier who has written with these facts in view and without personal bias will be found instructive and valuable.

The Tragedy of August 15, 1812. By Col. H. O. S. Heistand

General Harrison's victory over the Indians at Tippecanoe in November, 1811, was less decisive than his political followers represented it some thirty years later. An inferior force of savages attacking at night had been handsomely repulsed, and, with the coming of daylight, driven off. But the losses in the battle probably were about equal, and the American general, encumbered with wounded men and having won a tactical victory, deemed it prudent to fall back to Vincennes. A crushing defeat, such as Wayne administered to them at Fallen Timbers seventeen years before, might have deterred the Indians from joining the British in 1812. The indecisive battle at Tippecanoe only exasperated them, and enabled Tecumseh upon his return to enlist all the Northwestern Indians on the side of the British.

The British officials in Canada, aware that their savage allies would be worsted in a contest with the Americans, used their influence to prevent a premature outbreak of hostilities, and the winter of 1811-12 passed without serious incidents at Fort Dearborn. Some of the older Pottawatomie chiefs, notably Winnemeg and Topenebe, whose bands were located on the St. Joseph River, and Black Partridge, whose village was on the Illinois River near the head of Peoria Lake, felt genuine friendship for the whites; a few others, perhaps, were prudent enough to desire peace with them, but the young men, the fighting force of the tribe, were in

full sympathy with Main Poc, the war chief on he Kankakee, who, with a large number of his followers, spent the autumn of 1811 and the winter following near Malden, where he was in constant communication with the British officials and awaited with impatience the outbreak of war between the United States and Great Britain. A tribe as widely scattered as the Pottawatomies had many "chiefs," almost every village boasting one of these headmen. So loose, however, was social organization among the Indians that the authority of these "chiefs" was limited, and the professions of friendship made by those who really were desirous of peace were of much less value than the whites in and near Fort Dearborn supposed. Notwithstanding the real friendship of a few and the indifference of some, it was well known that many Pottawatomies had been among the Prophet's followers at the battle of Tippecanoe.

Mrs. Kinzie gives an incident in "Waubun," which is characteristic of Indian methods and entirely credible. Two Indians of the Calumet band of Pottawatomies came to Fort Dearborn in the spring of 1812 to call upon Captain Heald. One of them, Nan-non-gee, seeing Mrs. Heald, and Mrs. Heald playing battledore on the parade ground, said to the interpreter, "The white chiefs' wives are amusing themselves very much; it will not be long before they will be hoeing in our cornfields."

On the afternoon of April 6th, 1812, a party of soldiers obtained leave to go up the South Branch to fish. "A man named Lee, who lived on the lake shore, had enclosed and was farming, apparently in partnership with one Russell, a piece of land on the northwest side of the South Branch within the present lumber district, about halfway between Halsted Street and Ashland Avenue. It was first known as Lee's Place, afterwards as Hardscrabble." ("The Chicago Massacre," by Joseph Kirkland, p. 70.) "An American named Liberty White, was in charge of the farm. With him, on the afternoon of the 6th, were a son of Mr. Lee, the owner, a Canadian Frenchman, and a soldier of the garrison. Late in the day ten or twelve Indians entered the house without ceremony and seated themselves according to their custom. The boy and the soldier walked down to the river bank and, upon pretense of feeding the cattle on the opposite side of the stream, paddled across in one of the canoes which was lying there, fed the stock, and then, concealing their movements by the haystacks, reached the woods and made all haste to the fort. When they had run about a quarter of a mile they heard the discharge of two guns, doubtless the shots which killed White and the Frenchman. They continued to run towards the fort, stopping only when they arrived on the river bank opposite the Burns Cabin, which stood where is now the intersection of Kinzie and North State Streets. Calling across to warn the Burns family of danger, they ran to the fort.

The commanding officer ordered a gun to be fired as a signal of danger, and the fishing party hearing it, put out their torches and dropped down the river. Stopping at the Lee Cabin to warn the inmates, they discovered in the darkness, by the sense of touch, the dead body of one of the men, who had been scalped; and then made their way to the fort.

As soon as the facts became known panic reigned among the white settlers; the Kinzie family took refuge in the fort, where John Kinzie was interpreter; the Agency House on the river bank just west of the fort, and commanded by its guns, was strengthened, the porches planked up, loopholes made for musketry, the civilians were organized as a company of militia, and they with their families occupied this outpost. From this time forward Fort Dearborn was practically besieged by hostile Indians. They prowled about the camp at night, tried to steal the horses from the garrison stables, and, failing in this attempt, cut the throats of a flock of sheep, which were intended to supply the troops with food. In a letter written on the 15th, nine days after the murders at the Lee Cabin, Captain Heald says, "Since the murder of these two men, one or two other parties of Indians have been lurking about us, but we have been so much on our guard they have not been able to get any scalps."

It was believed that the murderers of White and his companion were Winnebagoes, but Captain Heald was unable to learn from the neighboring Pottawatomies whether this supposition was or was not correct, and he, therefore, forbade their coming to the fort until the identity of the tribe to which the scoundrels belonged should be established.

Springtime passed and the summer of 1812 wore away, hostile feeling among the Indians increasing, the garrison wary and suspicious. As already stated, Congress declared war against Great Britain on the 18th of June and Mackinaw Island and fort were surrounded July 16. General Hull received news of this disaster July 29th, and the same day wrote to the Secretary of War (Drennan papers, Hull to Eustis, July 29, 1812) that he should send immediately "an express to Fort Dearborn with orders to evacuate that post and retreat to this place (Detroit) or Fort Wayne, provided it can be effected with a greater prospect of safety than to remain." He adds, "Captain Heald is a judicious officer, and I shall confide much to his discretion."

General Hull did write to Captain Heald the same day, but unfortunately his order for evacuation of the post was mandatory, and the only thing left to Heald's discretion was the distribution of the factory stores, after the surplus arms and ammunition should have been destroyed. The Indian runner, Winnemac (or Winnemeg) spent eleven days on the trail from Detroit, and General Hull's order was not delivered to Captain Heald until Sunday,

the 9th of August. The order was in the form of a letter and read as follows:

"Sandwich, July 29, 1812.

"Captain Nat. Heald.

"Sir: It is with regret I order the evacuation of your post, owing to the want of provisions * * * only a neglect of the commandant of Detroit.

"You will, therefore, destroy all arms and ammunition, but the goods of the factory you may give to the friendly Indians who may be desirous of escorting you on to Fort Wayne and to the poor needy of your post.

"I am informed this day that Mackinac and the Island of St. Joseph will be evacuated on account of the scarcity of provision, and I hope in my next to give you an account of the surrender of the British at Malden, as I expect 600 men here by the beginning of September.

"I am, sir, yours, etc.

"Brigadier General Hull."

Addressed Captain Nathan Heald, Commander Fort Dearborn, by Express.

According to Mrs. Kinzie's account in "Waubun," General Hull's order was read to the troops on dress parade the following day. On Thursday, the 13th, Captain William Wells, the famous scout, arrived with about thirty mounted Miami Indians, who came in response to General Hull's request, to act as an escort to the garrison on its march of about 150 miles to Fort Wayne, which was the nearest fortified post. On the same day probably, although Captain Heald's report does not mention it, a council was held with the Indians, who had by this time assembled in great numbers, at which Captain Heald announced his intention to distribute the goods of the government factory among them and to evacuate the fort, the Indians agreeing to permit the garrison to retire without molestation, and, it would seem, promising more or less definitely, their friendly escort on the march.

Doubtless Captain Wells was present at this council, but such negotiations as there were must of necessity have been carried on by Captain Heald, the post commander on one side, and the leading Pottawatomie chiefs on the other. As the uncle of Mrs. Heald, Captain Wells had a personal interest in extricating the garrison from its perilous situation, in addition to his military duty as leader of the friendly Miami Indians.

On Friday, the 14th, or possibly in the preceding night, in obedience to the order of General Hull, the surplus arms and ammunition were destroyed, and Captain Heald, exercising the discretion given him in General Hull's order, and in accordance with his own promise to the Indians at the council on the preceding day, distributed to them all the goods belonging to the government factory, together with the surplus provisions of the garrison. All

the liquor on hand was destroyed some time between the 9th and 14th, after the Indians "began to collect," according to Captain Heald's report. This report itself, written a little more than two months after the tragedy and immediately upon Heald's arrival in Pittsburgh, although exceedingly brief, is by far the most trustworthy record of events on the fatal 15th of August, 1812, and during the six preceding days. The following is taken from the Drennan Papers, copied from Brannan's Official Military and Naval Letters (Washington, 1823) 84 (Quaife 406).

"Pittsburgh, October 23d, 1812.

"Sir: I embrace this opportunity to render you an account of the garrison of Chicago.

"On the 9th of August last I received orders from General Hull to evacuate the post and proceed with my command to Detroit by land, leaving it at my discretion to dispose of the public property as I thought proper. The neighboring Indians got the information as early as I did, and came in from all quarters in order to receive the goods in the factory store, which, they understood, were to be given them. On the 13th Captain Wells of Fort Wayne arrived with about 30 Miamis for the purpose of escorting us in, by the request of General Hull. On the 14th I delivered the Indians all the goods in the factory store and a considerable quantity of provisions which we could not take away with us. The surplus arms and ammunition I thought proper to destroy, fearing they would make bad use of it if put in their possession. I also destroyed all the liquor on hand after they began to collect. The collection was unusually large for that place, but they conducted themselves with the strictest propriety till after I left the fort. On the 15th at 9 o'clock in the morning we commenced our march. A part of the Miamis were detached in front and the remainder in our rear, as guards, under the direction of Captain Wells. The situation of the country rendered it necessary for us to take the beach, with the lake on our left and a high sand bank on our right, at about 100 yards distance.

"We had proceeded about a mile and a half when it was discovered that the Indians were prepared to attack us from behind the bank. I immediately marched up with the company to the top of the bank, when the action commenced. After firing one round, we charged, and the Indians gave way in front and joined those on our flanks. In about fifteen minutes they got possession of all our horses, provisions and baggage of every description and, finding the Miamis did not assist us, I drew off the few men I had left and took possession of a small elevation in the open prairie, out of shot of the bank or any other cover. The Indians did not follow me, but assembled in a body on the top of the bank, and after some consultations among themselves, made signs for me to approach them. I advanced towards them alone, and was met by one of the Pottawatomie chiefs, called the Black Bird, with an interpreter. After shaking hands, he requested me to surrender, promising to spare the lives of all the prisoners. On a few moments' consideration I concluded it would be most prudent to comply with

his request, although I did not put entire confidence in his promise. After delivering up our arms, we were taken back to their encampment near the fort and distributed among the different tribes. The next morning they set fire to the fort and left the place, taking the prisoners with them. Their number of warriors was between four hundred and five hundred, mostly of the Pottawatomie nation, and their loss, from the best information I could get, was about fifteen. Our strength was fifty-four regulars and twelve militia, out of which twenty-six regulars and all the militia were killed in the action, with two women and twelve children. Ensign George Ronan and Dr. Isaac Van Voorhis of my company, with Captain Wells of Fort Wayne are, to my great sorrow numbered among the dead, Lieutenant Linai T. Helm, with twenty-five non-commissioned officers and privates, and eleven women and children, were prisoners when we were separated. Mrs. Heald and myself were taken to the mouth of the river St. Joseph, and, being both badly wounded, were permitted to reside with Mr. Burnett, an Indian trader. In a few days after our arrival there the Indians all went off to take Fort Wayne, and in their absence I engaged a Frenchman to take us to Michillimackinac by water, where I gave myself up as a prisoner of war, with one of my sergeants. The commanding officer, Captain Roberts, offered me every assistance in his power to render our situation comfortable while we remained there and to enable us to proceed on our journey. To him I gave my parole of honor and came on to Detroit and reported myself to Colonel Proctor, who gave us a passage to Buffalo. From that place I came by way of Presque Isle and arrived here yesterday.

"I have the honor to be yours, etc.,

"N. HEALD,

"Captain U. S. Infantry.

"Thomas H. Cushing, Esq.,
"Adjutant General."

No single participant in a battle sees all the incidents which occur, but Captain Heald unquestionably describes the events which decided the result, and in order to see the battle clearly, it is necessary only to fix upon a map of modern Chicago the locality of the struggle. Leaving the fort by the south gate, which was north and west of the present corner of South Water Street and Michigan Avenue, the column marched along the latter, which was then the lake shore for about a mile and a half. Passing where Eleventh Street now is, the shore line bore slightly to the east and the marchers probably continued to follow the beach until they reached the vicinity of the present Fourteenth Street and Indiana Avenue, or a spot a little south and east of that point, when it was discovered, as Captain Heald reports, that the Indians had formed behind the sand hills to attack the marching column, these sand hills being about one hundred yards distant from the line of march, and, therefore at Eighteenth Street, somewhat west of the present corner of Prairie Avenue.

Captain Heald says a part of the friendly Miamis were detached as an advance guard, and as other accounts of the battle indicate that Captain Wells, who was with this advance guard, discovered the ambuscade and rode back at full speed to notify Captain Heald of his danger, and as there can be no question that the massacre of the children and militia occurred in and about a grove of cottonwood trees, which then grew near the present corner of Eighteenth Street and Calumet Avenue, it is to be presumed that the principal force of hostile Indians was some distance south of Eighteenth Street, just behind the crest of sand hills, probably at that point between Prairie and Indiana Avenues, the right of their line extending to the lake shore somewhat north of the place where Twentieth Street now is. Captain Heald, upon receipt of Captain Wells' unwelcome news, deployed his little company of soldiers, took possession of the crest of the sand "bank," and swept southward, taking the Indians in flank and driving them before him.

Forsaken by the Miamis, who fled at the beginning of the action, and outnumbered about ten to one, the valor of the American soldiers was in vain. We may believe that their first volley did good execution, but the Indians, unable to withstand their bayonet charge, gave way in front only to form again on the right and left and rear of the devoted little band whose number was now reduced one-half. Captain Heald's brave but useless charge had carried the remnant who survived away from the wagon-train in which were the precious ammunition and supplies of various kinds, the sick and the children too young to walk, guarded only by the twelve militia under command, probably, of Ensign Ronan and accompanied by the women, nine in number.

The rear guard of Miamis doubtless left when the firing began and Captain Heald's report that in about fifteen minutes the Indians "got possession of all our horses, provisions and baggage" conveys little idea of the awful tragedy which was being enacted in the grove of cottonwoods on the lake shore just north of Eighteenth Street.

Reduced as Captain Heald's platoon was, the Indians had no relish for a fight with him in the open, but they were quick to perceive the opportunity for the sort of warfare in which their souls delighted. The wagon-train had now reached the cottonwood grove on the left and rear of the soldiers, the interval separating them being, according to Mrs. Heald's estimate, 200 to 300 yards, and even without the vivid account left by this brave woman any one familiar with Indian tactics can imagine what happened. Taking advantage of every tree or mound of sand, the savages at the front picked off a man wherever possible, while an overwhelming force swept eastward and northward over the ground which is now bounded by Eighteenth and Twentieth Streets, Indiana and Calumet Avenues, killing or seriously wounding all the militia who guarded the wagons, some of the women and most of the children.

Captain Wells, who had fought bravely with the troops at the front after the desertion of his Miami Indians, divining the intention of the enemy, galloped back to the wagons on his Kentucky thoroughbred to die with Ensign Ronan and Surgeon Van Voorhies. Meanwhile, Captain Heald, seriously wounded, drew off his surviving soldiers to the open prairie, where soon afterwards he surrendered as stated in his report. According to a map of Chicago in 1830 (Andreas, vol. I, opp. p. 112) the surrender was made at a point just west of State Street and south of Eighteenth Street.

The tragedy was one of those sacrifices made by the army and hardy frontiersmen in preserving the integrity of our territory, wresting it from the savage and transforming the wilderness into a productive empire.

Narratives of the event are contradictory and subsequent comments thereon are often characterized by greater effort to fix blame than to credit the devotion to duty.

Blame for the catastrophe, if blame there be, belongs principally to General Hull, whose failure to order the evacuation of Fort Dearborn until nearly four weeks after he received news of the declaration of war allowed thereby time for hostile Indians to assemble in force in the vicinity of the post. In view of British naval superiority on the lakes, he must have known that Fort Dearborn was untenable, but he waited until Mackinaw had fallen and his own campaign against Fort Malden was on the point of failure, and then sent a peremptory order to abandon the post, giving as a reason a "scarcity of provision," which did not, in fact, exist. His permission to distribute the factory goods among "the friendly Indians" and "the poor and needy" of the post, shows that he did not comprehend the situation at Chicago, while his failure to trust the details of such an important move to the discretion of the local commander greatly increased the chances of disaster.

General Hull's order to evacuate the post disappeared and for nearly a century was supposed to have been lost, and a false version, for which Lieutenant Helm was responsible, obtained great currency through Mrs. Juliette A. Kinzie's romance, "Waubun." According to Lieutenant Helm's version, the order directed Captain Heald "to evacuate the post of Fort Dearborn by the route of Detroit, or Fort Wayne, if practicable." ("Fort Dearborn," by Lieutenant Helm, p. 15.)

Captain (then Major) Heald died in 1832, and four years later, according to Mrs. Nellie Kinzie Gordon, Mrs. Kinzie published a pamphlet giving an account of the Chicago massacre, which purported to be based upon the testimony of eyewitnesses of the tragedy. In 1856 this account appeared again as a part of "Waubun," and for nearly half a century Captain Heald's memory was covered with obloquy because he insisted upon obeying the

mandatory order of his commanding general and refused to listen to the remonstrances of the Indian trader, Kinzie. Heald was in his grave, his widow died soon after the publication of "Waubun," General Hull's order was lost, and, in the absence of other testimony, Mrs. Kinzie's account was accepted by historians and Captain Heald was bitterly censured for his folly in attempting the march to Fort Wayne, when, according to "Waubun," he was authorized to remain at Fort Dearborn if the march was impracticable. Hurlbut in "Chicago Antiquities," and Kirkland in "The Chicago Massacre," mildly defend Captain Heald from the undue censure which the tone of "Waubun" suggests to a careful reader; but it was only when General Hull's order was found among the Heald papers in the Draper collection at Madison, Wisconsin, and published by Milo M. Quaife in "Some Notes on the Fort Dearborn Massacre," in the Mississippi Valley Historical Association's Proceedings for 1910-11, p. 138, that proof was available of the gross injustice done to the memory of a gallant officer.

Fortunate for the memory of Captain Heald was the discovery of General Hull's order, and equally unfortunate for the memory of Lieutenant Helm was the discovery of the narrative the latter prepared of the massacre about two years after the event and transmitted to Judge Woodward of Detroit. This narrative, like General Hull's order, was lost for nearly a century, but was recently found and has been published by Mrs. Nellie Kinzie Gordon, a daughter of the authoress of "Waubun," under the title "The Fort Dearborn Massacre, by Lieutenant Helm." Mrs. Gordon says in her introduction to Helm's narrative, "It is the earliest extant account given by a participator in the fearful tragedy of August 15, 1812," overlooking Captain Heald's official report made October 23, 1812.

The narrative abounds in inaccurate dates, which might be attributed to poor memory; but its false statements and its tone of bitter hostility to Captain Heald cannot be thus excused. His misrepresentation of General Hull's order has been referred to; but this was no worse than his invention of the story about the forged order for destruction of the surplus arms and ammunition, which he says Kinzie wrote in General Hull's name and which Captain Heald (according to this story) accepted, knowing it to be a fraud. The discovery of General Hull's order to destroy the surplus arms and ammunition, proved that Captain Heald, who, according to Mrs. Gordon, was determined upon scrupulous obedience to General Hull, could not have required any other order than the one he had, and that Lieutenant Helm's story is pure invention.

These two statements, both of which Lieutenant Helm must have known to be false (unless his memory had failed), invalidate all of his testimony regarding the battle and events preceding it;

and his purpose in making them is disclosed in the veiled charge against Captain Heald of cowardice on the battlefield, which he incorporates in his narrative. This "narrative" was in no sense official, but was sent to Judge Woodward in 1814, some months after Helm had written to that gentleman to inquire whether the writer would be liable to court-martial if the narrative should be made public. Mrs. Gordon in her introduction to the "narrative" (page 5) says, "Judge Woodward evidently advised Lieutenant Helm not to take the risk, for the manuscript was found many years later among the Judge's papers."

Lieutenant Helm's misrepresentation of Captain Heald; the incidents in "Waubun" given upon the alleged authority of "an eyewitness" who could have been none other than Mrs. Helm, especially the interview between Ensign Ronan and Captain Heald, all point unmistakably to the Kinzie family as the source of disaffection on the part of the junior officers of the garrison. Whether the post commander was Whistler or Heald, he was unable to count upon the loyalty of his subordinates, who were welcome guests at the Kinzie fireside.

Friction between the commanding officer of a frontier garrison and the principal Indian trader at the station was not an infrequent incident. The army officer is interested in preserving peace with the savages, which the sale of liquor by the traders often renders difficult. But at Chicago in the latter part of 1811 and early part of 1812 there were other reasons why Captain Heald and Mr. Kinzie could not be in perfect accord.

It was less than thirty years since the close of the Revolutionary War, in which Captain Heald's father is said to have been an officer on the American side. Captain Heald himself had been in the regular army of the United States since 1799 and had served on the frontier during the troublous times which lasted from the beginning of Tecumseh's conspiracy until the outbreak of the War of 1812. By inheritance, by training, and by obligation as an army officer in command of a post, Captain Heald must have been thoroughly American in his views, and disposed to look with little tolerance upon the constant practices by which British officials incited the savages to attack the defenseless women and children of the border.

Mr. Kinzie, on the other hand, was born in Quebec, under the British flag. His father was a surgeon in the British army, whose widow, after his death, married Mr. William Forsyth of New York, then a British province. Soon after the Revolution began Mr. and Mrs. Forsyth moved to Detroit, then a British post, taking young Kinzie with them; and according to Mrs. Gordon, when he was about eighteen years old, or in 1781 or 1782, that is, towards the close of the Revolutionary War, his stepfather fitted him out as an Indian trader, and before he was twenty-one he had estab-

lished successful trading posts at Sandusky and at the Maumee. Although on American soil, these posts were under British auspices, and so continued until Wayne's victory over the hostile Indians at Fallen Timbers in 1794, and the surrender of the frontier posts by Great Britain in 1796 brought Detroit under the American flag. In January, 1798, as already related, Mr. Kinzie married the widow of Captain McKillip, a British officer, who was "killed in a sortie from Fort Defiance," according to Mrs. Gordon, and who, according to Quaife (p. 147), was "slain on the Maumee during Wayne's campaign against the Northwestern tribes."

There is no reason to suspect Mr. Kinzie of disloyalty to the Americans among whom he cast his lot in 1804, but his whole life prior to that time (with the possible exception of the few years, 1798-1804, when he appears to have made his headquarters at St. Joseph) had been passed in intimate relations with the enemies of the United States. During the years of increasing hostility on the part of the Indians he was able in some way to convince them that he was their friend. If Mrs. Gordon's chronology is correct, Mr. Kinzie was nearly 49 years old when the war of 1812 began, and Mrs. Kinzie more than 40. Both of them were too old to discard old prejudices or make new friends, and, charming personally as they may have been, there was enough in their antecedents to make their hearty sympathy with the American cause improbable. Whether or not Mr. Kinzie was a British subject at the outbreak of the war, as General Proctor appears to have thought, his pecuniary interest was opposed to the evacuation of the post, and Captain Heald rightly refused to listen to his remonstrances. General Hull's order was positive; Captain Heald obeyed it and cannot be held responsible for the result. One contingency only would have justified Captain Heald in disobeying General Hull's order and attempting to defend the fort. If the means at his command gave tolerably certain promise of a successful defense of the post, and the evacuation meant certain disaster, he might have been justified by a military court in presuming that General Hull would not have issued his order for evacuation if he had been in possession of all the facts. In this case only an unqualified success in defending the post without causing disaster elsewhere would have exonerated him in the judgment of any military tribunal that might have been convened to pass judgment upon the action of Captain Heald had he failed to obey his orders. Even then the evacuation as related to any larger strategical movement would have to be considered. It is, at best, taking a grave responsibility to disobey a lawful order.

It is highly probable, however, that no available earthly power could have saved the garrison after General Hull's order was received on the 9th of August. Fort Mackinaw, a stronger post, had fallen more than three weeks before; the whole Indian popu-

lation of the Northwest was hostile and, learning of the intended evacuation of Fort Dearborn as soon as Captain Heald did, and probably before, began to collect about the doomed post almost immediately; the British had command of the lakes, and could have battered down the stockade in short order; the supply of food was sufficient for a time, but we may be sure that a number of the fifty-four regular soldiers on the roster of the post were sick, and while an Indian assault might have been repulsed, the danger of fire was ever present; General Hull had retreated from Canada on the 8th of August, and the Indians, knowing the campaign had gone in favor of their allies, were no longer restrained by fear from openly assisting their British friends. Captain Heald had all this information on the 9th of August, except the knowledge of General Hull's predicament, and everything that he then knew made an attempt to hold the post seem more hazardous than its evacuation, because massacre of the entire white population, civil as well as military, would have been likely to follow a successful assault.

Equally futile would have been an immediate attempt to flee, according to the advice which the Indian runner, Winnemeg, is said to have given Captain Heald. Fifty or sixty men in vigorous health and inured to hardship of every kind would have had slight chance of making a successful fight through a hundred and fifty miles of forest before they could have been overtaken by the overwhelming odds the savages would have thrown against them. Encumbered by women, children, and sick, obliged to defend a wagon train, to make roads through the woods, and construct rafts with which to cross the intervening rivers, they would have had almost no chance whatever.

The only hope of escape was to adopt the plan which approved itself to Captain Heald's good judgment, and try to effect a friendly agreement with the Indians which would permit peaceable withdrawal from the fort. In the emergency confronting him he acted with courage and good judgment up to the time the council was held with the Indians.

Just what happened at the council we never shall know. We may safely assume that Captain Heald never promised to distribute arms or ammunition to the Indians. His orders left him no discretion in regard to these things, and Mrs. Gordon represents him as a stickler for military obedience. Almost equally certain it is that he did not promise to distribute the liquor belonging to the garrison. The factory not being allowed to sell liquor to the Indians, probably had none. But Captain Heald was at the mercy of the interpreters of whom Mr. Kinzie was one, the others being half-breed Indians; and the declaration of Black Hawk in after years that the attack was made in retaliation for breach of agreement on the part of the Americans, together with the clumsy invention of

Lieutenant Helm, already referred to, indicates that there was some misunderstanding. Responsibility for this rests either upon Captain Heald or upon the interpreters, and in view of all the known facts it is impossible to believe that the commander of the post would have been a party to an agreement which he intended to violate after he should have placed himself and his command in the power of the Indians.

Whether any agreement made by more or less friendly Pottawatomie chiefs would have been observed by the younger warriors of that tribe; whether, in case all the Pottawatomies near Chicago had refrained from hostilities, the bands from the Wabash, as well as the Ottawas and Chippewas of Michigan, could have been controlled, will never be known. If all these had remained neutral, the large force under Tecumseh, which General Hull's surrender made available twenty-four hours after Fort Dearborn was evacuated, could have destroyed the fugitives before they could have reached the shelter of Fort Wayne, although General Hull's optimistic expectation of the capture of Malden warranted Captain Heald in dismissing all apprehension of danger from that quarter.

Entire approval of Captain Heald's course in obedience to General Hull's order does not necessarily carry approval of his action, or lack of action, prior to receipt of that order, nor of his tactics on the field of battle. With no responsibility, and with a knowledge of the disaster before us, and none present to defend the accused, it is easy, but almost unfair, to suggest that during the four months which followed the murders at the Lee cabin he should have built boats in which his garrison could escape if threatened by the enemy, though it would not seem to require great initiative to have done so. He must have been aware of the suppressed hatred of the Indians throughout the Northwest; of Tecumseh's activities; of the British intrigues; of Hull's expedition to Detroit; but he was sent to Fort Dearborn to defend, and not to prepare to abandon it, and doubtless General Hull's order was a surprise to every inmate of the fort. If a sufficient number of boats to carry ninety-three persons, with the necessary food, wagons, horses, ammunition and other supplies, had been ready at the time General Hull's order was received, or if they could have been built during the next few days, it would have been an easy matter to launch them in the river, and if, under protection of the guns of the fort, they could have been gotten across the bar at the river's mouth, then at Madison Street, and if the weather had been favorable, this means of gaining a start of the Indians would have been worthy of consideration. But General Hull's order, though vague, apparently contemplated a march by land, and was so interpreted by Captain Heald; and flight by water to Michigan City or St. Joseph would not have brought the fugitives within a hundred miles of

Fort Wayne, and their pursuers would have been likely to overtake them before they could reach that refuge.

The incredible statement that General Hull's order to evacuate the post was read on parade the next day after it was received rests solely upon the authority of Mrs. Kinzie's "Waubun." If true, Captain Heald is answerable for an indiscretion in making public so important a document, and Lieutenant Helm would have been certain to incorporate in his "narrative" a fact so well calculated to reflect upon Captain Heald's good judgment.

Aside from his personal courage, which was unquestionable, Captain Heald is not made to shine as a leader of men on the battlefield. No plan to be followed in case of attack appears to have been made. Situated as he was, the safety of his wagon train and its contents was of supreme importance and should have been the main object of his solicitude. At the first signal from Captain Wells, if it was impossible to keep the wagons moving forward, and a running fight was therefore impracticable, a rush should have been made for the wagons, instead of a charge upon the sand hills, which carried the command away from everything worth defending. The women and children should have been directed to shelter themselves in the sand of the beach as best they might, the wagons utilized as a barricade, while under the protection of his hastily improvised defenses Captain Heald could have awaited the assault which the savages surely would have made, and which, notwithstanding their great superiority in numbers, he could in all probability have repulsed. Two or three costly and futile attacks of this kind would have discouraged the Indians and enabled the column to resume its march, unless indeed the draught animals had been killed. Perhaps the Calumet River might have been reached by nightfall. Further progress then would have been arrested while the wagon beds were being prepared and used as boats, or until a raft of logs was constructed, and meantime fresh bands of Indians probably would have joined those already on the trail of the fleeing soldiers. Such a defense as suggested above would likely have exacted a far heavier toll from his enemies and entitled Captain Heald to higher praise as an Indian fighter, but it may well be doubted whether in the end the result would have been less calamitous than it was.

There were two heroes on Chicago's battlefield, both of whom deserve mention. Captain William Wells, who led the Miamis, was a Kentucky boy stolen by the Indians from the residence of Hon. Nathaniel Pope, when he was twelve years old, and adopted by Little Turtle, a chief of the Miamis, whose daughter he married. He fought for the Indians in the campaigns against General Harmar and General Saint Clair, but before General Wayne's campaign in 1794 he was persuaded by Rebekah Wells, daughter of Colonel Samuel Wells, his brother, to forsake the Indians, and live with his

own people. Rebekah, who was then a child, afterwards married Captain Nathan Heald, and it was in the hope of saving her that Captain William Wells led his band of Miami Indians to Fort Dearborn and fell on the field of honor.

David Kennison (or Kinnison), a private soldier in Captain Heald's company, had a history without parallel known to the writer, if the following facts condensed from Quaife's account of his career can be relied upon. Born in New Hampshire in 1736, a member of the famous Boston Tea Party in 1773, a participant in the battles of Lexington and Bunker Hill, as well as other engagements during the Revolution, he was in Chicago as early as May, 1804, and probably a member of the garrison at that time. In March, 1808, he enlisted (probably a re-enlistment) for the regular term of five years, and the garrison muster-roll for May, 1812, shows that he was present for duty at that time. Although his name is not expressly mentioned in connection with the massacre, he was presumably one of the small number of survivors who returned from captivity, of whom no record is left.

After the War of 1812, in which he claimed to have participated further after his escape from the Indians, Kennison settled in New York. During his residence in that state a falling tree broke his skull, his collarbone and two ribs; the discharge of a cannon at a military review broke both his legs; and the kick of a horse left a scar on his forehead which disfigured him for life. Notwithstanding all these mishaps, he was married four times and had twenty-two children. He came to Chicago in 1845, having become separated from all his children. Until 1848 he was able to perform manual labor and, by the aid of his pension for service in the Revolution, to support himself. In 1848 he entered the Chicago Museum, but the last twenty months of his life he was bedridden, although before his death he regained his sight and hearing, which had been impaired. He died February 24, 1852, at the age of 115 years 3 months and 17 days, and was buried with the highest military and civil honors in the Old City Cemetery, now included in Lincoln Park, where his grave has been marked by a granite monument erected by the Sons of the Revolution, the Sons of the American Revolution, and the Daughters of the American Revolution.

In the Chicago Historical Society's rooms there is a vial containing a small amount of tea, accompanied by an affidavit made by David Kennison in 1848 to the effect that this tea was saved by himself "from the cargoes destroyed in Boston Harbor in the early evening of the 16th of November, 1773." The affidavit is witnessed by five well-known residents of Chicago at that time, among whom was Fernando Jones, who was a prominent citizen of the city until his death in November, 1911.

Mr. George G. Reed, a well-known member of the Board of

Trade, whose great-aunt was David Kennison's last wife, is authority for the statement that when the veteran was 108 years old he walked in a single day from Watertown, New York, to Sacketts Harbor, a distance of about eleven miles.

There is no reason to question the main facts in this biography of David Kennison, and Mr. Quaife's well-known industriousness as an investigator lends weight to his conclusions, although in an obscure note to page 256 he suggests his own doubt as to some details. Nevertheless, it may well be questioned whether the David Kennison of the Boston Tea Party was in the Fort Dearborn garrison at the time of the massacre. A man of that name was on the muster roll of Captain Heald's company for May 31, 1812, and presumably was present at the time of the evacuation of the post. But there is no further mention of his name, although the fate of nearly every other member of the garrison was ascertained. Mr. Quaife infers "from our knowledge of his later life and death at Chicago" that David Kennison was one of those who survived the battle, was made prisoner, and afterwards, in some way, returned to civilization. This inference is unwarranted, because a soldier 76 years old, with such a record as Kennison's, could not have dropped out of the memory of his company officers and of his comrades, and his name would have been pretty sure to be included in the list of casualties or among the survivors. Furthermore, a statement made by the survivor of the Boston Tea Party seems conclusive.

In the Chicago "Democrat" of November 6, 1848, David Kennison published a card announcing his determination to vote for Cass and Butler, the Democratic candidates for President and Vice-President. After giving his record in the Revolutionary War, he says, "When the last war broke out I was living at Portland, Maine, where I enlisted, and marched to Sacketts Harbor and was in the battle at that place and also at other places."

If he had been in the Chicago garrison at the time of the massacre, would he have omitted to mention the fact in this communication to the citizens of Chicago?

If not a coincidence in names, it might be possible that the David Kinnison whose name appears in the muster roll of Captain Heald's company may have been a son of the David Kennison who participated in the Boston Tea Party.

It would have been impossible for a man to have been in Portland, Maine, at the outbreak of the War of 1812 and, by any means of travel then available, reach Chicago in time to be present at the Fort Dearborn massacre.

During the War of 1812

Three days after the massacre, Kinzie's Indian friends permitted him and his family, including Mrs. Helm, to go by boat

along the shore of the lake to their old home at Bertrand, Michigan, on the Saint Joseph River, where they were protected by Chief Topenebe, and in November taken, except Mr. Kinzie, to Detroit and delivered to the British Indian agent as prisoners of war. Mr. Kinzie followed in December, and upon his arrival he was paroled by General Proctor and with his family occupied his former residence in that city. Later, General Proctor arrested him and confined him in Fort Malden, where he heard the battle between the British and American fleets which decided the question of naval supremacy on the lakes, and with it the destiny of the Northwest.

The day after the evacuation of Fort Dearborn and the defeat and massacre of its garrison, General Hull surrendered the fort at Detroit, together with all the troops under his command, and the territory of Michigan, leaving the frontier settlements in central Ohio and southern Indiana, as well as all of Michigan, Wisconsin and Illinois, open to the incursions of the savages, with only such restraint upon their actions as could be imposed by the garrisons at Fort Wayne, and Fort Harrison, near Terre Haute. These posts soon were attacked by the enemy, but the splendid defense of Fort Harrison made by the little garrison under Captain Zachary Taylor, on the 4th of September, and the relief of Fort Wayne by the militia of Kentucky and Ohio under General Harrison on the 12th, discouraged the Indians in Indiana and Ohio, while those in the territory of Illinois were soon given so much to occupy them at home that they had no leisure to practice there deviltry elsewhere. "Since the destruction of Chicago there were no white inhabitants in the whole territory of Illinois, north of a line drawn from Shawneetown to Greenville, Bond County, thence to the Mississippi River a little north of Alton, except some sparse settlements on the west bank of the Wabash, opposite Vincennes, the old town of Peoria, which had never been brought within the jurisdiction of the territorial government, and Prairie du Chien, which was then within the limits of Illinois territory." (Blanchard, Vol. I, p. 420.)

But south and west of the line above mentioned were the flourishing settlements at Kaskaskia, the capital of the territory, Cahokia, and elsewhere on the Mississippi River below St. Louis, and scattered settlements at other points, the total white population embraced within the present limits of the state of Illinois in 1812 being probably over 15,000 and under 20,000 souls. The disasters at Chicago, Mackinac, and Detroit, and the invasion of Ohio, Michigan and Indiana by the Indians roused the country to action, and in October, Governor Ninian Edwards led an expedition against the Indians of the Illinois and Wabash rivers, which administered to them partial retribution for their barbarity at Chicago.

In 1813 another expedition from Fort Russell, near Edwards-

ville, built a fort where Peoria now stands, and named it Fort Clark, in honor of Colonel George Rogers Clark, upon whom the rank of brigadier-general was conferred in 1781. The war in the lower lake region continued with varying success until Perry's signal victory on Lake Erie, September 10, 1813, gave the Americans the ascendancy, and the British abandoned Detroit, which was no longer tenable, and were soon defeated in upper Canada. The control of the lakes and the reoccupation of Detroit relieved the border settlements in Ohio and Indiana from the menace of Indian invasion; but the savages still held the greater part of Michigan, all of Wisconsin, and most of northern Illinois at the close of the year 1813. Early in the following year Prairie du Chien was occupied by an expedition from St. Louis, only to succumb in turn to a large force of British and Indians, who continued to hold it until the close of the war. An attempt to take Fort Mackinac resulted in failure, and no effort was made to reoccupy Chicago until after the treaty of peace in 1815.

The bones of those who died on that fatal day in August, 1812, lay unburied on the sand dunes where they fell between Sixteenth and Twentieth Streets and between Michigan Avenue and the lake, until 1816, when Fort Dearborn was rebuilt and garrisoned by two companies of infantry under Captain Hezekiah Bradley, U. S. A., and at last the remains of the victims of Indian treachery and barbarity were collected and given decent burial.

The new Fort Dearborn was larger than the old one, but occupied the same site, and consisted of a square stockade inclosing barracks, quarters for the officers, magazine and provision store, and was defended by bastions at the northwest and southwest angles. The blockhouse was in the southwest corner. The officers' quarters were on the west side, and the soldiers' barracks on the east side. The fort had two gates, one on the north and the other on the south side.

Antoine Ouilmette, the Canadian Frenchman, previously mentioned as occupying with his Indian wife one of the four cabins which composed the little settlement in 1803, entered the service of Mr. Kinzie somewhat later; and when the boat containing the Kinzie family departed for St. Joseph, three days after the massacre, Ouilmette was the only white inhabitant of Chicago.

Some time in 1812, Jean Baptiste Beaubien, afterwards known as Colonel and General Beaubien, a trader born in Detroit in 1780, who had been established in Milwaukee since 1800, bought the Lee cabin and garden south of the old fort, of the widow of Charles Lee, the former owner, who was undoubtedly among the killed on the day of the massacre. Beaubien's first wife was an Indian woman, but soon after coming to Chicago he married Josette La Framboise, daughter of Francis La Framboise, a French trader

who had established himself on the south branch of the river, not far from Beaubien's place.

Two other traders came to Chicago before Fort Dearborn was rebuilt. A Frenchman named Du Pin, who ransomed from her Indian captor and married the widow of Charles Lee; and Alexander Robinson, a half-breed chief of the Pottawatomies, whose friendship for the whites in after years proved of the greatest value to them.

After the War

The Treaty of Ghent, which brought the war of 1812 to a close, was signed December 24, 1814, and ratified by the Congress of the United States February 17, 1815. Both England and the United States were in need of peace, and each of them made important and almost humiliating concessions to obtain it. The United States failed to extort from Great Britain a formal renunciation of the alleged right of search and impressment, and Great Britain finally abandoned the effort to exclude citizens of the United States from their own territory in the Northwest, which had been for almost half a century a cardinal aim of her policy, and left the Indians, who had been her efficient allies in this disgraceful business, to their fate. Forsaken by their "British Fathers," the Indians themselves realized the impossibility of contending against the victorious "Long Knives," soon sold their remaining lands, and agreed to make new homes for themselves west of the Mississippi River.

Treaties were made in 1816, 1818, 1819, 1821, 1828, 1830, and later years with different tribes of Indians, and their titles to the lands east of the Great River were gradually extinguished. In some instances, where the same lands were claimed by two tribes of Indians, the disputed territory was bought from each tribe, the Pottawatomies having a special faculty of claiming proprietorship in every region through or near which they had wandered.

As the cunning of Pontiac failed to exterminate the English and their colonists in 1763, so the eloquence and personal valor of Tecumseh were displayed in vain against the flood of immigration from the older American communities, which, before the War of 1812, had begun to take possession of lands in northern Ohio and Indiana, purchased from the Indians under treaties made prior to the battle of Tippecanoe, and which, with the final elimination of the English intrigue, and the defeat of the savages, had become irresistible. United States Census Reports show the magnitude of this immigration better than any words can describe it.

Prior to the settlement of Marietta in 1788, nearly the whole of the Northwest Territory was a wilderness, while there had been for years a steady migration from Virginia and other states on the Atlantic seaboard into the region south of the Ohio.

In 1810 the population of Kentucky was.....406,511
 In 1810 the population of Tennessee was.....261,727

Total668,238

The population of Ohio was.....230,760
 The population of Indiana was..... 24,520
 The population of Michigan was..... 4,762
 The population of Illinois¹ was..... 12,282

Total in Northwest Territory.....272,324

In 1810, therefore, more than three-fourths of the total population of the Northwest Territory had come into it during the preceding decade, the whole number of inhabitants in 1800 having been 51,006.

But the census of 1820 showed:

Population of Ohio.....581,434
 Population of Indiana.....147,178
 Population of Illinois..... 55,211
 Population of Michigan..... 8,765

Total792,588

During the first two decades of the nineteenth century, therefore, nearly three-quarters of a million people migrated from the older states into this wilderness which was known as the Northwest Territory, a number in excess of the population of any one of those states (except Virginia) in the year 1800; and more than two-thirds of these immigrants came into this new land between 1810 and 1820, notwithstanding the Indian disturbances and the War of 1812, which made settlement hazardous during the first half of the decade.

These figures are impressive in themselves, but doubly so when it is borne in mind that these pioneers were nearly all American born, the great migration from the old world which filled up the Middle West a few years later, and to which reference will be made hereafter, not having begun. Nor did they come in palace cars or tourist sleepers. They came on foot, on horseback, or in "prairie schooners" drawn by oxen; not over macadamized roads, but over forest paths and trails which in wet weather were well-nigh impassable. Rivers were to be crossed; there were no bridges and few ferries. Fortunate indeed were those whose destination permitted them to use a flatboat on the Ohio River for a portion of their journey.

Naturally, the greater part of this increment to the population of the Northwest lodged in the region east of the dense forest

¹ Including Wisconsin.

which then covered all of Indiana and Michigan; but the French settlements on the American bottom had received accessions from Kentucky, Virginia, Pennsylvania and other states farther south, even before Kaskaskia became the capital of the Territory, February 3, 1809. Indeed, some of Colonel George Rogers Clark's soldiers had settled in southern Illinois shortly after the Revolution, and before the War of 1812 there were settlements on the west side of the Wabash River, opposite and below Vincennes.

Although much farther west than the border settlements in Ohio and Indiana, and beyond the wall of forests which separated them from northern Illinois, southern Illinois was more easily accessible from the southern states because of the Ohio, Tennessee and Cumberland rivers, which furnished a convenient highway for the cheap and easy conveyance of men and goods, and as a result, when the state was admitted to the Union, December 3, 1818, nearly all its population of a little less than 50,000 was south of a line running west by north from Vincennes, Indiana, on the Wabash River, to a point on the Mississippi a little north of Alton.

But at this time, and for years afterward, Chicago was untouched by the advancing wave of humanity which in a few short years had converted the wilderness into populous states, and replaced the horrors of an Indian foray with the busy hum of peaceful industry. Jean Baptiste Beaubien and his new wife continued to live there, and in 1817 he bought and occupied a more pretentious house which an army contractor named Dean had built in 1815 near where the foot of Randolph Street is now.

In 1816, John Kinzie and his family returned to the home on the north side of the Chicago River which they had been compelled to abandon four years before, and in October, 1818, Gurdon Saltonstall Hubbard, a young employe of the American Fur Company, made his first visit to the site of the city of which in after years and under changed conditions he was to become a leading citizen.

In the same year the Treaty of St. Louis was made, by which "the Ottawa and Chippewa Indians ceded to the United States the lands surrounding the head of Lake Michigan, ten miles north and ten miles south of the mouth of the Chicago Creek, and back to the Kankakee, Illinois and Fox rivers," covering the route of the proposed Illinois and Michigan Canal.

In 1818 the American Fur Company, of which John Jacob Astor was the controlling power, established a station in Chicago with Jean Baptiste Beaubien as resident agent, and in a few years almost monopolized the fur business of Chicago and vicinity. Neither the independent traders nor the government factory was able to secure enough business to keep them alive, and in 1822 the affairs of the factory were wound up and the Factor withdrawn.

For nearly a dozen years after the rebuilding of Fort Dearborn the annals of Chicago are barren of important incidents. It

was the same mudhole at the mouth of a sluggish bayou on the shore of Lake Michigan which the early French explorers had found, and of whose future, at least Joliet, who suggested the Lakes-to-the-Gulf waterway, must have had some conception. Nor was there anything in local conditions at this period to encourage a believer in the great destiny awaiting the little settlement in which the Kinzie and Beaubien families were for years almost the only permanent white civilian residents. Perhaps Joliet himself might have lost hope if in 1823 he could have visited the place when an expedition to the source of St. Peter's River, under command of Major Long, U. S. A., stopped at Fort Dearborn. Keating, the historian of the expedition, writes:

"As a place of business, it offers no inducement to the settler.
* * * It is not impossible that at some distant day, when the banks of the Illinois shall have been covered with a dense population, and when the low prairies which extend between that river and Fort Wayne shall have acquired a population proportionate to the produce which they can yield, that Chicago may become one of the points in the direct line of communication between the northern lakes and the Mississippi," but even then he thinks the amount of trade will be limited.

He says (p. 165): "The provisions for the garrison were, for the most part, conveyed from Mackinaw in a schooner, and sometimes they were brought from St. Louis, a distance of three hundred and eighty-six miles, up the Illinois and Des Plaines rivers." Nor is he more complimentary when speaking of the people. He says, "The village presents no cheering prospect, as, notwithstanding its antiquity, it consists of but few huts, inhabited by a miserable race of men, scarcely equal to the Indians from whom they are descended."

The State of Illinois

Of all the men who had to do with the founding of Chicago, Nathaniel Pope deserves the chief honor. He was the delegate in Congress from the territory of Illinois in 1818, and in January of that year he received from the territorial legislature a petition asking Congress to admit the territory into the Union as a state.

It will be remembered that the Ordinance of 1787 provided that not less than three nor more than five states should be carved out of the Northwest Territory, Congress reserving the right to form one or two states "north of an east and west line drawn through the southerly bend or extreme of Lake Michigan." After organization of the territory of Michigan north of the line above mentioned, in 1805, the territory of Illinois extended from the junction of the Ohio and Mississippi rivers northward to the Canadian boundary, and included the present state of Wisconsin and the northern peninsula of Michigan. It was expected that when Illinois

should be admitted to the Union as a state, Congress would make the east and west line above mentioned its northern boundary. Fortunately for the city of Chicago, the state of Illinois and the nation, Nathaniel Pope, upon his own initiative and responsibility, secured the adoption of an amendment extending the northern boundary of the state to the line of $42^{\circ} 30'$ north latitude, more than sixty miles north of the line originally chosen. The Illinois and Michigan Canal was even then in contemplation, and the slavery question had already divided the interests of the people of the United States into a "North" and a "South." By far the larger part of the population of Illinois had come from slave-holding states, and its commerce was carried almost wholly by the rivers which washed its shores, the Wabash, Ohio, and Mississippi.

Judge Pope foresaw, and impressed upon his fellow members of Congress, the vital necessity of making Illinois a great state and giving it a commercial outlet upon Lake Michigan as a counterpoise to the considerable trade it already carried on upon the southern rivers. To do this, it was necessary that the canal and its northern terminus should be wholly within the limits of Illinois and that there should be a tributary country behind Chicago extensive enough to support "a population capable of exercising a decided influence upon the councils of the state." "It was foreseen that none of the great states in the West could venture to aid in dissolving the Union, without cultivating a state" situated as Illinois would be, when a great commerce upon the northern lakes should be linked by the Lakes-to-the-Gulf waterway, with the traffic already developed on the Mississippi, Ohio, Wabash, Cumberland and Tennessee rivers, centering at the Point, as Cairo was then known. If a line drawn west from the southern extremity of Lake Michigan had been made the northern boundary of Illinois, the state would have had no port on Lake Michigan; the people would have lost much of their interest in the proposed canal; fourteen of the richest counties now under its jurisdiction would have been in Wisconsin, and when the great crisis precipitated by the attempt to dissolve the Union in 1861 arrived, the pro-slavery sentiment of the southern part of the state would have dominated its councils, and probably thrown its influence in favor of the Southern Confederacy. Controlling the only lines of railroad communication between the loyal states west of the Mississippi River and the East, Illinois would have been a great salient thrust into the heart of the Union, its broad plains would have been the battleground of the contending armies, and it cannot be doubted that its power exerted on the side of the secessionists might have contributed to the overthrow of the Union cause.

A convention at Kaskaskia, the capital of the territory, having adopted a constitution acceptable to Congress, in accordance with

the Enabling Act of April 18, 1818, the state of Illinois was admitted to the Union, December 3, 1818. Anticipating this favorable action, Shadrach Bond was elected the first governor, and in his first message made a strong recommendation in favor of the Illinois and Michigan Canal.

Two years after the admission of the state to the Union, the speculation in lands came to an end and "nearly the whole people were irrevocably involved in debt. * * * The great tide of immigrants from abroad, which had been looked for by everyone, failed to come." (Ford, p. 44.)

In 1821 the legislature created a state bank, the provisions of the act making its insolvency inevitable, and within three years the bills issued by the bank had depreciated about $66\frac{2}{3}$ per cent, involving the state in enormous losses.

In August of the same year Governor Lewis Cass of the territory of Michigan, acting for the United States government, held a council at Chicago with the Pottawatomies, Ottawas and Chipewas. More than three thousand Indians belonging to these tribes assembled in Chicago, where rations were issued to them at the expense of the government; and after many days of deliberation and much speaking, a treaty was signed by which in return for annuities and for other considerations the Indians ceded to the United States about five million acres of land in Michigan.

In 1823 the garrison was withdrawn from Fort Dearborn, the military authorities believing that the fortified posts on the Mississippi River at Rock Island, Prairie du Chien, the Falls of St. Anthony, at Mackinac and Green Bay made the retention of a garrison at Chicago no longer necessary. On the 2d of September in this year an election was ordered by the commissioners of Fulton County, in which Chicago was then situated, the polls at Chicago to be opened at the house of John Kinzie.

March 30, 1822, Congress granted the state of Illinois permission to cut a canal through the twenty-mile strip between Chicago and Ottawa, purchased from the Indians by the Treaty of St. Louis in 1816, and donated to the state of Illinois ninety feet on each side of said canal. Surveys were made in the two following years, and in 1825 a company was organized with a capital of one million dollars. It was proposed to make the canal of sufficient size to admit boats thirteen and a half feet in width and drawing three feet of water. But the company was unable to raise the necessary funds, and in the following year the legislature annulled the act creating the canal company.

Chicago at this time (1825) was in Peoria County, and on September 6, 1825, the Peoria County Court issued the following order: "Ordered: That the first precinct contain all that part of the county east of the mouth of the Du Page River, where it empties its waters into the Auxplaines River, and that the elections

be held at the Agency House or Cobweb's Hall on southwest corner of North State and North Water Streets."

An exciting election in August, 1824, resulted in the defeat of a strenuous effort made by the pro-slavery men to force an amendment to the state constitution permitting the holding of slaves, in defiance of the provision of the Ordinance of 1787 prohibiting slavery in the region northwest of the Ohio River and east of the Mississippi.

The following are the names of all taxpayers in the vicinity of Fort Dearborn in 1825, with the amount of assessable property of each: John B. Beaubien, \$1,000; Jonas Clybourne, \$625; John K. Clark, \$250; John Crafts, \$5,000; Jeremy Clairmont, \$100; Louis Contra, \$50; John Kinzie, \$500; Claude La Framboise, \$100; Joseph La Framboise, \$50; David McKee, \$100; Peter Piche, \$100; Alexander Robinson, \$200; Alexander Wolcott, \$572; Antoine Wilmet (Ouilmette), \$400. The rate of taxation was 1 per cent. If there were no tax-dodgers, the total amount of taxes was \$90.47.

Of these fourteen men whose names are on the assessment roll of Peoria County in 1825, Alexander Robinson was a half-breed Indian, and one of the Pottawatomie Chiefs, who probably lived near the forks on the West Side; Jonas Clybourne and family, and John K. Clark and his Indian wife, lived on the North Branch, about three miles from Fort Dearborn; the La Framboise brothers lived at "Hardscrabble" on the South Branch, about four miles from the fort; Alexander Wolcott was the Indian agent, having succeeded Charles Jouett, whose second term of office lasted about two years, viz., from the rebuilding of the fort until 1818; John Kinzie was the early settler of 1804, who was appointed justice of the peace for Peoria County in July, and agent of the American Fur Company in the latter part of the year 1825, upon the death of John Crafts, who had held that position for several years; John B. Beaubien was the well-known Frenchman and trader; Antoine Ouilmette will be remembered as the earliest continuous resident; David McKee was the blacksmith attached to the Indian Agency; Jeremy Clermont and Peter Piche were Indian traders.

Modern life is dependent upon railroad facilities, and it is difficult for us to realize that within the memory of persons now living, the transportation of heavy articles over great distances by land, was as difficult as in the days of Nineveh or Babylon. Navigable waterways always have determined the location of great commercial cities, but never was the superior economy of water carriage so great as in the first quarter of the nineteenth century, when steam power had been applied to river navigation, but not to railways, and nowhere was the contrast between land and water traffic so marked as in the newly occupied portions of the United States, where bottomless roads and a sparse population put a practical embargo upon the movement of agricultural products across

the country. Realizing these conditions, the people of New York had in 1825 completed the Erie Canal connecting the navigable water of Lake Erie with navigable water in the Hudson River. In 1827 Congress, which had been appealed to for aid for the Illinois and Michigan Canal, granted to the state, in its behalf, 290,915 acres of land, being alternate sections of the public land on each side of the canal for five miles in width along its entire route. The General Assembly accepted this grant in 1829, and appointed Commissioners who selected the lands, caused them to be surveyed, and in 1830, platted, on the south half of Section Nine, Township Thirty-nine North, of Range Fourteen, East of the Third Principal Meridian, the Original Town of Chicago, which was bounded on the North by Kinzie Street, on the East by State Street, on the South by Madison Street, and on the West by Desplaines Street. East of the town thus laid out was the United States Military reservation upon a portion of which stood Fort Dearborn. South of Fort Dearborn, where the southwest corner of Michigan Avenue and South Water Street is now, stood John B. Beaubien's house, and upon his occupancy of this house and garden for years he based his pre-emption right to the southwest fractional quarter of Section Ten, Town 39 North, Range 14 East, which, as the Beaubien claim, was the subject of litigation lasting until 1839, when a decision adverse to Beaubien was given by the court of last resort.

CHAPTER II

Chicago in Transition

THE platting of Chicago at the northern terminus of the Illinois and Michigan Canal was the most important event in the evolution of the metropolis. It was the beginning of the modern town. All its long history of more than a century and a half had as little to do with its future as had the unknown story of the Indians and Mound Builders, whose numberless trails led to the great Indian villages at Bowmanville, and along the North Branch northward to the Skokie marsh. And yet, without a knowledge of what was happening at this desolate spot in the wilderness in the early dawn of Chicago's day, and of the relation of these trivial incidents to the story of the old Northwest Territory, an intelligent comprehension of Chicago history is impossible.

The closing decade had witnessed an unprecedented migration from the older states into the rich lands of the West, and while the numerical increase was greater in Ohio and Indiana, the new State of Illinois added a larger percentage to its population than either of its older neighbors. More than 102,000 had been added to the 55,211 who were counted as residents of the State in 1820, but nearly all this growth was in the central and southern parts of the State, the only county north of Tazewell and Vermilion to show any considerable increase being Jo Daviess County, which contains Galena and the lead-mining district. Much of the northern part of the State was still a wilderness, occupied by Pottawatomies, Sacs, Foxes, Winnebagoes, and other tribes of Indians, and only three years before the town was platted, the few inhabitants were thrown into a panic by news that the Winnebagoes had taken the war-path, and by the fear that the Pottawatomies, who were numerous in the vicinity of the settlement, might join the hostiles, and repeat the horrors of the massacre in 1812. News of the outbreak was brought by Governor Cass himself, who had gone to Green Bay by appointment to hold a council with the Winnebago and Menominee tribes. The Indians failed to appear, and learning of their hostile purpose, Governor Cass procured a birch-bark canoe and a crew of men, ascended the Fox River to the portage, crossed to the Wisconsin, and made all possible speed down the Wisconsin and Mississippi to Jefferson Barracks below St. Louis. Here he persuaded the commanding officer to charter a steamer and send troops up the river into the hostile country. Leaving the steamer which had brought his canoe and its crew at the mouth of the Illinois,

Governor Cass reached Chicago by way of that river and the Des Plaines, and the Chicago Portage. He remained in Chicago only a few hours, and arrived in Green Bay via the western shore of Lake Michigan, having made the round trip of about 900 miles in thirteen days.

There had been no garrison in Fort Dearborn since 1823, and the settlement was at the mercy of the Pottawatomies, who were only restrained from joining in the revolt by the good offices of Shawbonee and Billy Caldwell, two Pottawatomie chiefs who were friendly to the whites. At the solicitation of members of the little community, Gurdon S. Hubbard went to the settlements in Vermilion County, near Danville, aroused the militia, and on the seventh day after leaving Fort Dearborn returned with a hundred men under command of Achilles Morgan, an old Indian fighter, to the great joy of the frightened people of Chicago. During Hubbard's absence, John B. Beaubien had organized a motley collection of Canadian half-breeds, and a few Americans, into the first militia company raised in Chicago since the massacre in 1812.

Happily for all concerned, news was received shortly afterwards that the Winnebagoes had concluded a treaty, and the "War" was over. Nevertheless, Fort Dearborn was garrisoned in the following year, and the troops remained until May 20, 1831.

The following table gives the prices realized by the Canal Commissioners for some of the lots sold in the Original Town, and the names of the purchasers:

J. B. Beaubien, lots 1 and 2, block 17.....	\$100.00
Mark Beaubien, lots 3 and 4, block 31.....	102.00
William Belcher, lots 5 and 6, block 29.....	109.00
Wilson A. Bell, lots 4 and 5, block 34.....	48.00
Lyon Bourissa, lots 1 and 2, block 44.....	114.00
Archibald Clybourne, lots 4 and 5, block 5.....	42.00
Charles Dunn, lot 1, block 16.....	75.00
John Evans, lot 5, block 33.....	21.00
Clement A. Finley, lots 5 and 6, block 31.....	101.00
Thomas Hartzell, lot 1, block 20.....	50.00
John S. C. Hogan, lots 1, 2, 5 and 6, block —.....	116.00
Gurdon S. Hubbard, lots 1 and 2, block 19.....	75.00
James Kinzie, lots 5, 6, 7 and 8, block —.....	76.00
John H. Kinzie, lot 2, block 2.....	37.00
David McKee, lot 7, block 49.....	130.00
Samuel Miller, lots 3, 4, 5 and 6, block 14.....	110.00
Alexander Robinson, lots 1 and 2, block 29.....	138.00
Alexander Wolcott, eight lots in block 1, also east-half of northeast quarter, Section 9, Town 39, Range 14, 80 acres, per acre.....	1.62½

Cook County, which then embraced all of the present counties of Cook, Lake, McHenry, Will, Dupage and Iroquois, was organized in March, 1831, the Act of the General Assembly having been approved January 15, 1831, and on the 8th of that month the County Commissioners' Court was opened, and Samuel Miller, Gholson Kircheval and James Walker sworn in as Commissioners by J. S. C. Hogan, Justice of the Peace. William See was appointed Clerk, and Archibald Clybourne, County Treasurer. Cook County was divided into three precincts, the Chicago, the Hickory and the Du Page precincts.

In the following month a special session of the County Commissioners was held to provide revenue to meet the expenses of the local government, and licenses were granted to hotelkeepers, merchants and others.

Among the resident citizens were: Elijah Wentworth and family, occupying a house partly log and partly frame, owned by James Kinzie, on the west side of the river, near the Fork. Wentworth kept a tavern, and in this vicinity resided, with their families, James Kinzie, William See, Alexander Robinson, also Robert A. Kinzie, who had a stock of dry goods, groceries, etc., mostly for Indian trade. Across the North Branch, and nearly opposite Wentworth's, was the tavern kept by Samuel Miller, whose family resided there, and with him his brother, John. On the east side of the South Branch and immediately above the Fork, Mark Beaubien and family lived and kept a tavern, and a short distance above him on the South Branch, an Indian trader named Bourissa lived. There were no houses between Mark Beaubien's tavern and Fort Dearborn, except a small log cabin near the foot of Dearborn Street, used as an Indian trading house. Immediately south of the Fort was J. B. Beaubien's house and store; and still farther south an unoccupied house.

On the north side of the river, opposite the fort was the old Kinzie cabin, unoccupied and much dilapidated. "Cobweb Castle," which had been the residence of the Indian Agent, was unoccupied, Dr. Wolcott having died the preceding autumn. It stood near the present corner of North State and North Water Streets. In its vicinity were several log buildings, one of them occupied by the Agency blacksmith, McKee (or McGee), and one by Billy Caldwell, the half-breed Pottawatomie chief who was then interpreter for the agency. The Sub-Indian Agent, G. Kercheval, was then here, and Dr. E. Harmon and James Harrington had arrived and were making claims to land on the lake shore south of where 12th Street is now. (Bross, p. 17.)

The first Post Office in Chicago was established in 1831, and Jonathan N. Bailey, who was then living in the old Kinzie house, was appointed postmaster. It is believed that for a time this old house was the Chicago Post Office. A mail was received once in

two weeks from Niles, Michigan, the nearest distributing post office, showing a great increase in postal business since 1823, when only a monthly mail reached Fort Dearborn from Fort Wayne.

Three sailing vessels arrived in Chicago during the year 1831, viz.: the "Napoleon," which transported the garrison of Fort Dearborn to Green Bay; the "Telegraph" and the "Marengo." (Andreas, Vol. I, p. 115.)

The act of the General Assembly creating the County of Cook, made the town laid out by the Canal Commissioners, the County seat, and located the public buildings in a public square on the south side of the river, and donated this square, with other lands, to the new county. Section 13 of the Act required the County Commissioners, "without delay," to establish a ferry at the "seat of justice," there being no bridge across the river. Upon filing his bond for \$200.00, and agreeing to ferry all citizens of Cook County free, Mark Beaubien was authorized to exact a fee from outsiders.

The County Commissioners took steps during the summer of 1831 towards the establishment of two country roads, intended to open communication with the western and southern parts of the county. One of these roads was to run from the town of Chicago "to the house of James Walker on the Du Page River, and so on to the west line of the county." The other was to run "the nearest and best way" to the house of Widow Brown on Hickory Creek.

In September, 1831, the annual payment to the Indians was made in Chicago, and about four thousand of them gathered on the north side of the river to receive the annuities which were distributed by the Indian Agent, Colonel T. J. V. Owen, the successor of Doctor Wolcott. Taking advantage of the disorder which always was a feature of similar gatherings of Indians when liquor was obtainable, emissaries from Black Hawk's band of the Sauks (or Sacs), were present, and tried to incite the Pottawatomies, Ottawas and Chippewas to attack the settlements on Rock River, but the influence of Chief Billy Caldwell prevented an outbreak.

A few men who afterwards became prominent in the new town, arrived in 1831, notably, Colonel R. J. Hamilton, George W. Dole, and P. F. W. Peck, and towards the close of the year a considerable immigration set in, many of the new comers passing through the little settlement to points further west, but enough remaining to fill the abandoned Fort Dearborn with some four hundred persons.

Naperville was at this time the first settlement west of Chicago. A number of settlers who had come to Chicago and did not like the appearance of the place, passed on to "Napers." The town of Chicago continued to grow in 1832, and its growth would have been more rapid but for two untoward incidents. The first of these was the Black Hawk war, and the second the outbreak of cholera, brought by the troops which arrived on the steamer Sheldon Thompson, July 10, 1832, under command of General Winfield Scott, to

suppress the insurrection of Black Hawk's band of Sacs. Although unable to induce the Pottawatomies to join in a campaign against the whites, Black Hawk, who had been trying for more than a year to re-enact the role attempted by Pontiac and Tecumseh many years before, and who had visited Malden in the hope of securing aid from the British, determined to force the issue, and contrary to the wish of Keokuk, the principal chief of the Sacs, and in violation of the treaty of 1804, crossed the Mississippi with a large detachment of the Sac tribe in the early part of 1831. The settlers were alarmed, appealed to Governor Reynolds for aid, and a sufficient show of force induced Black Hawk to retreat to the west shore of the Mississippi again, and to agree to relinquish all claim to lands east of the Great River, and it was supposed that the trouble was settled. But in April, 1832, probably urged by scarcity of food, and encouraged by his emissaries who professed to have received assurances of assistance from the Winnebagoes, Pottawatomies, Chipewas and Ottawas, Black Hawk, with nearly four hundred mounted warriors and their women and children, suddenly appeared on the Rock River, under pretense of going to their friends, the Winnebagoes, to plant corn. Again, the border was in a panic, the militia was called out, blunders were made, and the settlers' families throughout northern Illinois fled to the protection of the forts. Chicago was filled with the fugitives, one of whom, Rev. S. R. Beggs, a pioneer Methodist preacher, at Plainfield on the Du Page River, northwest of Naperville, thus describes their sufferings:

"There was no extra room for us when we arrived in Chicago. Two or three families of our number were put into a room fifteen feet square, with as many more families, and here we stayed crowding and jamming each other for several days. * * * The next morning our first babe was born, and during our stay fifteen tender infants were added to our number. One may imagine the confusion of the scene. Children were crying and women were complaining within doors, while without the tramp of soldiers, the rolling of drums, and the roar of cannon, added to the din."

On the 1st of July, Gen. Winfield Scott, with nine companies of regulars, including a company of West Point cadets, arrived at Detroit, where two men on board his transports were taken ill with Asiatic cholera, and died in a few hours in spite of all that physicians could do for them. They were the first victims of the dreaded disease on the Upper Lakes. At Fort Gratiot, near the outlet of Port Huron, General Scott left the cadets and 280 of his men, nearly all of whom died of cholera, while with the remainder of his force he proceeded to Chicago on the steamer Sheldon Thompson. Thirty men died before the steamer reached its destination, and were dropped into the lake. General Scott arrived on the 8th of July, took possession of the fort, and soon the soldiers began to die of cholera; and before the disease was checked ninety of them had been

buried in the sands near the foot of Madison Street. The people who had fled from the horrors of Indian warfare were in still greater terror of the plague, and nearly all of them forsook the town, while for the garrison there was no escape. There were hardly enough well men to bury the dead who were deposited in the earth without the military honors of a soldier, or even the civil usage of a coffin.

On the 20th of July, General Scott moved his command to the Desplaines River, and encamped where Riverside is now. Leaving the main body of his troops under command of Colonel Cummings, with orders to follow as soon as the health of the soldiers would permit, General Scott, with twelve men and two baggage wagons, started for the front, and soon received news of the battle of Bad Axe, and the surrender of Black Hawk and the remnant of his band, which ended forever the long Indian warfare east of the Mississippi River.

On the 25th of April, 1832, the first street leading to the lake was laid out. It commenced at the intersection of State Street and South Water Street, and ran across the Government Reservation to Lake Michigan, the distance being 18 chains and 50 links. Early in the year the Road Commissioners reported that they had surveyed a road from Chicago to the Wabash River, opposite Vincennes. On the 4th of April the Sheriff returned the total tax-list of the county at \$148.29, and reported that there was \$10.50 delinquent. The County Treasurer reported \$225.50 received from licenses, less \$88.50 delinquent, the amount paid out on county orders \$252.35, balance in hand \$15.93. (Colbert, p. 6.)

In the fall of the year 1832, P. F. W. Peck erected a frame building on the southeast corner of South Water and La Salle Streets, the lumber being hauled from Plainfield, in Will County; and George W. Dole put up a small log building on the southeast corner of Dearborn and South Water Streets, in the rear of which, towards the close of the year 1832, he began the packing industry in Chicago, slaughtering 200 cattle and packing 350 hogs for the eastern market. (Colbert, p. 6.)

In August, 1832, the first Sunday School was organized by Philo Carpenter and Captain Johnson, with thirteen pupils, religious services having been held in the preceding winter, conducted by Mark Noble, whose wife and daughter were members of the Methodist Episcopal Church. Notwithstanding the war and the outbreak of cholera, about one hundred and fifty frame houses were built during the year 1832.

In the spring of 1833, Congress made an appropriation of \$30,000.00 for the improvement of the harbor, and the work was greatly facilitated by a freshet in the river in the following spring, washing away the sand between the piers and opening a channel across the sand bar which had obstructed the natural outlet of the river ever since the American occupation of the country, at least.

John S. C. Hogan, who received the appointment of post master in 1833, opened the post office in a small store on South Water Street, and in recognition of the growing importance of Chicago, the people now received mail once a week, the messenger bringing the mail bag on horseback from Niles. Not satisfied even with this great increase in postal facilities, a public meeting held in the following January, forwarded to the Postmaster General a request for additional mails.

The first newspaper ever published in northern Illinois, the "Chicago Democrat," John Calhoun, editor, was issued November 26, 1833, and in its first number the editor strongly urged prosecution of work on the Illinois and Michigan Canal, which was no further along than before the town was laid out in 1830.

Four churches were organized during the year 1833, viz., the First Presbyterian, the First Baptist, St. Mary's Catholic, and a Methodist church.

But the two memorable events in Chicago history in 1833 were the incorporation of the Village of Chicago, which was decided upon at a public meeting held August 5, 1833; and the treaty with the Pottawatomie Indians, who ceded to the United States all their lands in Wisconsin and northern Illinois, amounting to about twenty million acres, for which they were to receive \$1,100,000.00 during twenty-five years. Seven thousand of these Indians assembled at Chicago on the 26th of September, their chiefs meeting the Government Commissioners in a large tent on the north side of the river, where the council was held. The first payment to the Indians was \$56,000.00 in cash and \$130,000.00 in goods, and was followed by the debauch customary upon such occasions.

The first election of officers of the newly incorporated village was held August 10th at the house of Mark Beaubien, and as it is probable that every voter in the place cast his ballot, the names are here given. Voters: E. S. Kimberly, J. B. Beaubien, Mark Beaubien, T. J. V. Owen, William Ninson, Hiram Pearsons, Philo Carpenter, George Chapman, John W. Wright, John T. Temple, Mathias Smith, David Carver, James Kinzie, Charles Taylor, J. S. C. Hogan, Eli A. Rider, Dexter J. Hapgood, George W. Snow, Madore B. Beaubien, Gholson Kercheval, George W. Dole, R. J. Hamilton, Stephen F. Gale, Enoch Darling, W. H. Adams, C. A. Ballard, John Watkins, James Gilbert.

Trustees were elected and they organized by electing T. J. V. Owen president. They extended the limits of the village to Jackson Street on the south, Ohio Street on the north, and made Jefferson and Cook Streets the western boundaries. On the north side they extended the eastern boundary to the lake. A new ferry at Dearborn Street was ordered at the session of September 3, 1833.

Some bridges of rough wood appear to have been made across the river by this time, because on the 7th of November the Board

of Trustees by ordinance forbade the stealing "of timber from the bridges for firewood or other purposes." Citizens were further forbidden to let pigs wander in the streets, "to shoot off any fire-arms," to endanger the public safety by pushing a red hot stove pipe through the board wall, to run a race horse through the principal streets, to exhibit a stallion without due consideration for public decency, to leave lumber lying loose in the streets, or to throw dead animals into the river.

The Water Streets being at this time on the banks of the river, owners were permitted by the trustees to use all but eighty feet of the street for wharfing privileges, the plan adopted by some of the river towns of leaving a levee for the use of shallow boats not being practicable for such vessels as were required in lake navigation.

Chicago grew rapidly in 1833, and on April 30, 1834, the "Democrat" remarked that emigration had fairly commenced, as more than a hundred had arrived by boats and otherwise within the last ten days. On the 4th of June the same paper announced that "arrangements have been made by the proprietors of the steamboats on Lake Erie whereby Chicago is to be visited by a steamboat once a week till the 25th of August." Another memorable event was the entrance of the schooner "Illinois" to the Chicago River under sail on Saturday, July 11, 1834. Prior to this, vessels were obliged to anchor outside the bar and receive and discharge their cargoes by scows or lighters. But during the previous spring a great freshet had completed the cutting of a channel through the bar, as before related, and this schooner "Illinois," of about 100 tons, being the first to come up the river under sail, created a great sensation.

In the latter part of October, 1833, section 16, known as the School Section, was sold at auction by Commissioner R. J. Hamilton. Its boundaries are State, Madison, Halsted and Twelfth Streets. The whole section, except four lots, brought an average of about \$67.20 per acre, and purchasers were allowed to pay in one, two and three years, interest being charged them at 10 per cent per annum. Before many months a wild speculation was begun in these and other lands, which did not run its course until the panic of 1837 involved in hopeless ruin the speculators who did not own their lands free of all incumbrance.

There were censors in those days, and in February, 1834, the Board imposed upon the president the duty of seeing that no immoral show was permitted in the village, those showmen who were approved by the censor to pay ten dollars for the privilege of exhibiting. July 11, 1834, the city surveyor was ordered to grade South Water Street so that the water should flow into the river from each cross street.

In August, 1834, a drawbridge across the Chicago River at

Dearborn Street was accepted by the Board of Trustees, and in the following month the first Sunday-closing law was passed by the Board, requiring every tippling shop or grocery to be closed on the Sabbath, under penalty of \$5.00 fine. "On the 2d of October the Board of Trustees deliberately resolved to borrow sixty dollars for the purpose of opening and improving streets, with the careful provision, however, that the money should be paid back as soon as it could be raised by taxation."

Among the earliest visitors to Chicago who had the literary capacity to record his impressions of the new town in attractive guise was Charles Fenno Hoffman, of New York, who made a journey on horseback from the East in 1833, and wrote from Chicago a number of letters to the "American Monthly," which were collected and published in 1835 under the title "A Winter in the West." In the first of these letters, dated January 1, 1834, he speaks of the population having quintupled during the preceding summer, and ten days later he writes of Chicago: "As a place of business, its situation at the central head of the Mississippi Valley will make it the New Orleans of the North." A few days later a friend invited him to ride behind one of the fast horses which during a trotting race on the river started a prairie wolf from his lair. This suggested a wolf hunt on horseback, in which Mr. Hoffman joined with great delight.

Another literary visitor in these early days was Harriet Martineau, the English authoress, who writes: "I never saw a busier place than Chicago was at the time of our arrival. The streets were crowded with land speculators hurrying from one sale to another. * * * It seemed as if some prevalent mania infected the whole people." A little later she gives an incident which, if at all common, explains this mania. She says: "A poor man at Chicago had a pre-emption right to some land, for which he paid in the morning one hundred and fifty dollars. In the afternoon he sold it to a friend of mine for five thousand dollars."

John Wentworth, "Long John," as he was affectionately called, who came to Chicago in 1834, gives an account of a wedding performed by Rev. Isaac W. Hallam, pastor of St. James Episcopal Church, the bride being the daughter of one of the half-breed Indian chiefs, and the groom a clerk in the postoffice. He says: "The company was made up in about equal numbers of Indians, half-breeds, Canadian French, and Americans. * * * It was the first time I ever saw the Indian war dance. Some of the guests not only had their tomahawks and scalping knives, bows and arrows, but a few of them had real scalps which they pretended they had taken in the various Indian wars."

On the 11th of February, 1835, an Act of the Legislature was approved whereby "all east of State Street from Twelfth Street to Chicago Avenue was included within the town limits, except that

it was provided that the part lying between Madison Street and the river should not belong to the town till vacated by the United States."

It was during the following summer that the Board of Trustees adopted an enlarged code of municipal laws, one of which forbade under penalty of \$25.00 the stacking of hay in the district bounded by Washington, Canal, Kinzie, Wolcott (now North State), Illinois Streets and Lake Michigan. In the autumn of 1835 the Board passed an ordinance concerning a fire department, thirty-nine sections being required to include the necessary provisions. The purchase of two fire engines had already been authorized, and when an alarm of fire was heard every able-bodied male inhabitant was required to "repair to the place of the fire with his fire bucket or buckets" and there obey the orders of the proper officials, under penalty of \$5.00 fine. Wharfing privileges for 999 years on the Water Streets were offered for sale November 14, 1835, the Board of Trustees agreeing to dredge the river to the depth of ten feet; but four days later the trustees decided not to bind themselves to dredge the river on North Water Street, and therefore reduced the prices to be paid for the wharfing privileges on the north side nearly one-half, and fixed the minimum price on North Water Street at \$8.50 to \$15.00 per front foot.

Before the year closed the first fire engine was bought of Hubbard & Co., Engine Company No. 1 was organized, and on the 23d of December, 1835, it was reported that S. G. Trowbridge had been elected foreman. A contract was let to Levi Black on the 30th of December for the building of an engine house on La Salle Street near the center of the public square, for which he was to be paid \$220.00.

Two hundred and eleven votes were cast at the election held July 10, 1835, when nine trustees were chosen. The trustees organized by electing Hiram Hugunin president, and A. N. Fullerton was appointed clerk of the Board. A public meeting was called in September to take the sense of the citizens as to petitioning Congress for the United States reservation. Apparently no action was taken, and on the 28th of October another call was issued.

Such buildings as had been erected prior to this time appear to have been built with little regard to street lines, and the trustees began the year 1836 by ordering the constable, at their meeting of the 6th of January, to remove all buildings from the public streets. On the 4th of June the street commissioner was ordered "to construct plank sluices across Clark Street to carry drainage to the South Branch." (Colbert, p. 13.) Other street improvements were ordered in the following month, when it was resolved that Canal Street as far north as Kinzie, Lake Street as far west as Desplaines, and Randolph Street from the river to Halsted Street should be turnpiked. In July the Board determined to borrow a

large sum for public improvements, but upon applying to the State Bank for a loan of \$25,000 they were refused the desired accommodation. Thereupon, on the 5th of August, Mr. William B. Ogden was empowered, as agent of the corporation, to borrow the money elsewhere. The first sale of lots for delinquent taxes was ordered September 26, 1836.

On the 25th of November a meeting of the citizens, called by authority of the Board of Trustees to consider the expediency of applying for a city charter, resolved upon such action and appointed a committee to prepare a petition to the Legislature and to draft a suitable charter to accompany the same.

The Legislature having passed "An Act to Incorporate the City of Chicago," the Board of Trustees at their meeting on March 31st, 1837, ordered an election for officers under the new charter, to be held on the first Tuesday in May. This election resulted in the choice of William B. Ogden for mayor. The entire corporation tax on real estate in Chicago in 1836 was \$8,998.28.

Five Years of Depression

The new city with a population of 4,170 (July, 1837), was fairly launched upon the wonderful career, of which its rapid growth during the years of transition from a frontier post among the Indians to a modern town, was only an earnest. The Pottawatomies, about five thousand in number, had received their last payment in Chicago in the summer of 1835, had danced their war-dance in its streets for the last time, and marched away to their reservation in north-western Missouri. Reveille had sounded for the last time at Fort Dearborn, the garrison had saluted the colors, evacuated the Post under orders to proceed to Fort Howard on Green Bay, and the military occupation of the city, a constant reminder of the danger of Indian warfare, ceased December 29th, 1836. The little Indian hamlet which was in 1829, almost precisely what it was when Hubbard first saw it in 1818, and differed little from the "Checago" of Joliet and La Salle a century and a half earlier, had been transformed in eight years into a modern city by the mere promise that the "Illinois and Michigan Canal" would some day reach the waters of Lake Michigan within its limits. But despite Acts of the Legislature, the organization of canal companies, the prosecution of surveys, and a clear perception of the inestimable value of this proposed canal to the people of Chicago, actual work was not commenced upon it until July 4th, 1836, just eight months before the Legislature passed the Act incorporating the city. None of the enthusiasts, either in Chicago or in the interior of the State, who favored the canal, had money of their own to put into the enterprise, and they could not persuade those in the east who had capital, to risk it for their benefit. The disgraceful record of financial legislation in Illinois, and the threats of repudiation in the early 30s, easily

accounted for the disinclination of capitalists to lend money upon an enterprise, however valuable ultimately, which could by no possibility pay dividends until a larger population should have occupied the portion of the State tributary to the canal. The enthusiasm of the early "boomers" caused them to overlook this vital necessity of an adequate population in the interior, and when they did realize it, they hoped by encouraging "cheap money" to maintain prices of their lands and town lots, until the growth of the country should warrant current values. Following the loss of \$150,000.00, which the State incurred by its excursion into the field of wildcat banking, and the final winding up of the State bank, for which it had stood sponsor, in 1831, and the disappearance of specie from circulation, the want of a circulating medium was keenly felt. Remoteness of the place of redemption was as great a recommendation for a bill as solvency of the bank issuing it; and "the Bank of Green Bay, working under a charter from the Michigan Territorial Legislature, and other banks, sufficiently remote for 'safety,' helped to swell the volume of currency, and buoy up the inflated trade of the times." Any bill was "good" as long as the Chicago Branch of the new State Bank, established December 5th, 1835, would accept it on deposit.

On the 11th of July, 1836, the United States Treasurer issued a circular requiring collectors of the public revenue to accept only gold and silver in payment for the public lands. The great real estate speculation was then near its culmination, and it is a fair presumption that the sentiment in favor of a gigantic system of public improvements, "commensurate with the wants of the people" as the resolutions described it, had its origin in the financial needs of some shrewd speculators. During the summer and fall, public meetings were held in many towns in the State, resolutions passed favoring the completion of the Canal, the building of railroads, the improvement of river navigation, and delegates were appointed to an internal Improvement Convention to meet at the Capital at the same time the Legislature was to meet. Urged by the convention, the Legislature, on February 27th, 1837, five days before the passage of the Act incorporating the City of Chicago, passed a bill appropriating \$400,000.00 for improvement of several rivers of the State and \$9,650,000.00 to build 1,341 miles of railroad. Of the amount appropriated for building railroads \$3,500,000.00 was apportioned to the main line of the Illinois Central Railroad from Cairo to Galena, which had been incorporated January 18th, 1836, two days after the incorporation of the Galena and Chicago Union Railroad.

When the City was granted its charter in March, 1837, it must have appeared to the enthusiastic citizens that their hopes were near fruition. Work had actually begun upon the long deferred Canal, and the State of Illinois was pledged to pay the bonds which were offered for sale to defray the cost of this great public work. Like

the town of Chicago, the proposed Canal had grown from the little ditch at first suggested of sufficient size to admit the passage of boats 13½ feet wide and drawing three feet of water, to a real commercial waterway 60 feet wide at the surface, 36 feet wide on the base, and six feet in depth, and the estimated cost had increased correspondingly from about \$700,000.00 in 1825 to \$8,654,000.00 in 1837. The population of Chicago had increased forty or fifty-fold in eight years; a demand for actual improvement and occupation, assisted by speculative excitement, had advanced prices of real estate in many cases in far greater ratio. But after all, the most significant thing was the changed commercial character of the community. In 1829 as in 1803, the country tributary to Chicago produced nothing which could be exchanged for the manufactured goods necessary to the comfort of civilized people and the maintenance of a civilized town. The profitable fur trade of the French and English periods was ruined when game became scarce, and the Indians followed the buffalo beyond the Mississippi. As before stated, there were in 1830 few settlers in the State of Illinois north of Vermilion and Tazewell Counties, except in the lead mining region of which Galena was the center. But two years later, when Black Hawk had been captured and his band destroyed or driven beyond the Great River, rapid settlement of farms in northern Illinois began, and soon thereafter produce from these farms found a market in Chicago.

The beef and pork packed by George W. Dole in the fall of 1832 and shipped to Detroit and New York (Colbert, p. 45), to which reference has already been made, was the first commercial export from Chicago, of Illinois produce, so far as known. Prior to this time Chicago never had anything to forward by lake, except furs and peltry. Every vessel that arrived from the east brought provisions, flour, pork, beef and other farm products, but took no return cargo worth mentioning. Not until after the City was incorporated did the production of Northern Illinois farms overtake the consumptive demand of the new settlers who were arriving in constantly increasing numbers.

In its early years the trade of Chicago was hampered by serious natural obstacles, both on land and water. There was no harbor until 1834, and such roads as led into the country were almost impassable for heavy teams except in very dry summers, or in winters of extreme cold. Live stock could be driven in more easily than grain or other produce could be hauled on wheels, and so it may be asserted that outside a radius of fifty miles, it was economically impracticable to haul grain to Chicago during the early years of its existence as a town. The morass which in wet weather extended westward from the lake to the ridge upon which Oak Park now stands, and south-westward to the present site of La Grange, greatly restricted the distribution of merchandise from Chicago, as well

as the receipt of produce from the interior. But in spite of all disadvantages, the people showed during this period of transition, commendable foresight, not only as merchants, but as manufacturers. The following is a partial list of the pioneer enterprises which had been undertaken along modern lines before the City was incorporated:

First "merchant" (except Indian traders), Geo. W. Dole, 1831; first tannery, built by John Miller, 1831; first meat packing business begun by Geo. W. Dole, 1832; first frame building for business by P. F. W. Peck, or Geo. W. Dole, 1832; first saw mill was built 1832; first shipment of Western produce from Chicago (except furs and pelts), by Newberry & Dole, 1833; first agricultural implements were manufactured by Asabel Pierce, 1833; first newspaper, "Chicago Democrat," issued Nov. 26, 1833; first lumber merchant was David Carver, 1833; first brick yard, established by T. K. Blodgett, 1833; first brick house, built for John Noble, 1833; first soap and candle works by Elston & Woodruff, 1833; first large brick buildnig by Gurdon S. Hubbard, 1834; first carriage factory by Briggs & Humphrey, 1834; first book store by Russell & Clift, 1834; first bank (branch of the State Bank), opened 1835; Government land office opened 1835; first iron foundry by Jones, King & Co., 1835; first shipyard by Nelson R. Norton, 1835; first railroad, Galena and Chicago Union Railroad, chartered 1836; first water works company (The Chicago Hydraulic Compnay), incorporated 1836; first flouring mill by Gage & Lyman, in 1836; first sailing vessel (the sloop Clarissa), launched in May, 1836.

Apparently the country never was more prosperous than when the year 1837 began. The last year of General Jackson's stormy term as President was near its close. His vindictive warfare upon the Bank of the United States had prevented an extension of its charter, the Secretary of the Treasury having, by his direction, withdrawn the government funds on October 1, 1833, and deposited them in certain State banks whose management was friendly to the administration. The business of the country suffered much embarrassment from these measures, but the State banks soon emitted a flood of bills, and until their worth was inquired into, they answered the purpose of currency, and certainly contributed to the speculative mania which attacked all parts of the Union, and especially the newer States of the West and South, where the public lands were situated. Between 1829 and 1837 the number of banks in the United States more than doubled, their capital increased two and a half times, and their circulation more than threefold. (Dewey, p. 225.)

The sales of public lands amounted to nearly five million dollars in 1834, eleven million dollars in 1835 and nearly \$25,000,000 in 1836. (Von Holst, vol. 2, p. 179.) President Jackson was able to announce in his message to Congress in December, 1834, that

the national debt had been extinguished; and in June, 1836, Congress passed an Act to distribute among the States all the surplus funds which should be found in the Treasury on the 1st of January, 1837, except the sum of five million dollars, which was to be retained as a working balance. The distribution, or "deposit" as the Act reads, was to be made in four quarterly payments, beginning January 1, 1837.

It is easy now to see the causes of the financial tornado which was rapidly approaching and which for a time put a stop to the progress of Chicago.

While the removal of the government deposits from the Bank of the United States in 1833 was of less importance than the partisans of the bank attributed to it, still the amount of these deposits was large enough to make imperative a considerable contraction in the bank's loans, and the savage hostility and unscrupulous methods of the administration warned the officers of the bank to conserve their resources to the utmost, and to be prepared for every contingency. As Webster pointed out, the administration not only removed the government deposits, but assailed the credit of the bank itself to an extent that would have threatened the stability of the strongest financial institution on earth. But the bank weathered the storm; the State banks, under the inspiration of the Secretary of the Treasury, kept the country full of "wildcat" money; the panic which threatened in 1834 was deferred for three years, and a fictitious prosperity, attended by wild speculation, lasted until President Jackson and his advisers, becoming conscious of the peril of this financial debauch, checked it, so far as the public lands were concerned, by the famous Specie Circular already mentioned.

In November, 1836, several large English houses with extensive American connections were forced into liquidation, their failure following a severe contraction of credits by the Bank of England, and consequent decline in prices of commodities. The business of the new world and the old was not then so interdependent as it became half a century later, but the failure of the "three W's," as the large English houses of Wilkes, Wilde, and Wiggins were known, was not without influence at that critical time.

There were some who, like Senator Thomas H. Benton of Missouri, foresaw the approaching catastrophe and raised a warning voice, but the great majority of the people refused to believe that all was not well and that the apparent prosperity of the country was based upon an over issue of irredeemable bank notes.

Even so staple a commodity as cotton, which sold in 1836 as high as 20 cents a pound, declined to less than one-half this price in the early part of 1837.

The New Orleans banks had made large loans for which they held cotton as collateral; the collapse in prices appears to have been

felt first in that city, and it is claimed that the failure of Herman Briggs & Co. in March, 1837, started the trouble. Be this as it may, the alarm quickly spread to New York, and on the 10th of May all the banks in New York City found themselves obliged to suspend specie payments, and the Philadelphia and Baltimore banks followed immediately. The distress in all commercial centers was acute, and the address handed to President Van Buren by a committee of New York merchants, who visited Washington in the hope of obtaining relief, pictures conditions at other points as well as New York. They asserted that "within the preceding six months real estate in New York City had depreciated more than \$40,000,000.00; that within the last two months there have been more than 250 failures of houses engaged in extensive business; a decline of \$20,000,000.00 in our local stocks; merchandise in our warehouses has fallen at least 30 per cent, and not less than 20,000 individuals have been discharged by their employers because the means of retaining them were exhausted; and a complete blight has fallen upon the community." (Von Holst, vol. 2, p. 195.)

At first the people of Chicago tried to believe that because they had neither stocks nor bonds nor cotton to fall in price, they would be untouched by the ruin which devastated the East and South. They had land which had a real value, and the canal, now guaranteed by the State, would in a few years create a city of such importance that the highest prices yet reached for real estate would look cheap. The line of reasoning was plausible, but like many theories, this one failed to work. For several years the man who was most deeply in debt had been the man who was making money most rapidly. Debt was the royal road to wealth, and everybody traveled that way. But now debts were coming due, nobody wanted to buy anything at any price, and soon conditions were as bad in Chicago as elsewhere. Even the funds depended upon for construction of the canal and railroads were entangled in the affairs of the State Bank, which was fiscal agent for both these public improvements, and in July, 1837, the Legislature of Illinois was called in special session by Governor Ford, who recommended a repeal or modification of the internal improvement system. Instead, an Act was passed suspending specie payment, which enabled the State Bank to continue business for some years, although impaired in reputation as a financial institution, and never able to resume specie payments. Work on the canal was continued by the commissioners as long as they could sell State bonds, but toward the close of 1838 the treasury was empty and everything came to a stop.

In the following winter more funds were secured, partly from the State and partly by the issue of scrip by the canal commissioners, and a large amount of work was done on the canal during the year 1839, notwithstanding the failure of the Michigan banks whose bills composed a large part of the money in circulation in Chicago,

and the suspension of the State Bank with its numerous branches on the 23rd of October. There was no recovery in the price of realty, which in the fall of 1837 fell almost to zero, and for three or four years was practically unsalable. The few sales which were made showed declines of 75 to 90 per cent, and much property was abandoned to the tax collector.

In an address delivered before "The Chicago Lyceum," January 21, 1840, Mr. Joseph N. Balestier pictured conditions in Chicago during the period of panic, while the recollection of those disastrous years was still vividly impressed upon his hearers, as well as upon the mind of the speaker. After describing the wild speculation of the years 1835 and 1836, he says: "But the day of retribution was at hand. * * * The year 1837 will ever be remembered as the era of protested notes; it was the harvest to the notary and the lawyer—the year of wrath to the mercantile, producing and laboring interests. Misery inscribed its name on many a face but lately radiant with high hopes; * * * the land resounded with the groans of ruined men, and the sobs of defrauded women who had entrusted their all to greedy speculators. * * * It was a scene of woe and desolation."

The population of the city remained stationary, many business houses were closed, and quite a number of discouraged citizens moved away. The assessed valuation of city real estate, which was \$236,842.00 in 1837, had fallen in 1840 to \$94,437.00, and the population was only a few hundred more in the latter year than when the city was incorporated three years before. The following table shows the population in each year from the time the town of Chicago was incorporated in 1833 to the year 1848, when the canal was completed, and the Galena & Chicago Union Railroad began operating its first ten miles of railway:

1833.....	*350	1841.....	5,500
1834.....	*1,800	1842.....	*6,590
1835.....	3,265	1843.....	7,580
1836.....	*4,000	1844.....	*8,000
1837.....	4,179	1845.....	12,088
1838.....	*4,000	1846.....	14,169
1839.....	*4,200	1847.....	16,859
1840.....	4,470	1848.....	20,023

Even sales of public lands almost ceased for a time, the number of acres sold by the United States Land Office in Chicago in 1837 having been only 15,697*, against 370,043* sold in 1835 and 202,315* sold in 1836.

Prices of farm produce shared the collapse in the value of other commodities, and March 21, 1840, "The Chicago Morning Democrat" quotes: Beef, 4@5c per pound; pork, 4@5c per pound; butter,

* Estimated.

18¾@20c per pound; flour, \$4.00@4.50 per barrel; wheat, 50@62½c per bushel; turkeys, 75c@\$1 each; ducks, 25c each; chickens, 25c each; eggs, 12½c per dozen; potatoes, 25c per bushel.

It must have been some consolation to the bankrupt people of Chicago that living was cheap. Judge Moses in 1839-1840 quotes venison, \$1.50 for a carcass; prairie chickens, \$1.00 a dozen; quail, 3c each; beef, 6c a pound; flour, \$3.00 per barrel (vol. I, p. 106), and good board at the best hotels could be obtained for \$2.00 a week.

If two dollars a week was considered too much to pay for board at a first-class hotel, city lots could be made to yield enough to support life, and it was the general cultivation of gardens which gave Chicago the sobriquet of "Garden City," which it retained for many years.

Discouraged as they were by the sudden reverses of fortune which they had experienced, the people of Chicago did not despair, and even in the six darkest years of the city's history the following new enterprises were undertaken: Furniture factory, by Charles Morgan, 1837; first sash, door and blind factory, by Ira Miltmore, 1837 or 1838; Chicago postoffice was made a distributing office, 1837; first steamboat ("James Allen") was launched, 1838; first boots and shoes manufactured by S. B. Collins & Co. in 1838; first wheat was shipped to Buffalo (78 bushels) by Charles Walker in 1838; first daily newspaper ("Chicago Daily American") April 9, 1839; first brass foundry, by William & J. Rankin, 1839; first brewery by William Lill, 1839; first engraving was done by S. D. Childs in 1839; "Chicago Morning Democrat," February 24, 1840; permanent public free schools in 1840; first book compiled and printed ("Scammon's Report"), 1840; first floating swing bridge at Clark Street, 1840; first shipment of wool, by B. W. Raymond, 1840; Chicago Library Association organized, 1841; floating swing bridge at Wells Street, 1841; first propeller built on Lake Michigan was launched at Averill's Shipyard, Chicago, in 1842; shipments by lake from Chicago were more than receipts for the first time in 1842; Chicago Hydraulic Company's water works system commenced operation in 1842.

There is no complete file of the early Chicago newspapers in existence, most of the copies which had been saved until 1871 having been destroyed in the Great Fire of that year. In such newspapers of the years 1837 to 1842 as are now in the possession of the Chicago Historical Society are many advertisements of lots and lands in outside places now forgotten, but each of which in the "boom times" of 1835 and 1836 was expected to become a metropolis. One promising feature of the years which followed the panic of 1837 was the increase in the number of firms who advertised merchandise of one sort or another at wholesale. Although there was no perceptible increase in population until 1841, these advertisements show that the energetic and brainy men who laid the foundations of Chicago

already sensed the true mission of their city as a great mart for commerce in a large way, and prepared, so far as their limited means would allow, to supply the demands of the growing interior. If the city stood still until 1841, northern Illinois did not. The sale of public lands at the United States Land Office in Chicago ceased for a time; but in 1839, 160,635 acres were sold; in 1840, 137,382 acres; in 1841, 138,583 acres, and for several years thereafter the sales averaged more than 200,000 acres annually.

The census of 1840 showed that the State of Illinois had gained in population during the preceding decade a little more than 200 per cent, the number of souls in 1840 being 476,183, against 157,445 ten years before. And the important fact, so far as Chicago interests were concerned, was that nearly one-third of this increase was in the fourteen northern counties of the State, and in the six other organized counties on the line of the proposed Illinois and Michigan Canal and the Illinois River from Peoria northward, as the following table of increased population plainly shows:

Name of County	Gain, 1830-40	Name of County	Gain, 1830-40
Jo Daviess.....	4,069	Kane	6,501
Stephenson	2,800	DuPage	3,535
Winnebago	4,609	Cook	10,201
Boone	1,705	Will	10,167
Lake	7,654	LaSalle	9,348
Carroll	1,023	Bureau	3,067
Ogle	3,479	Putnam	1,800
Whiteside	2,514	Marshall	1,849
Lee	2,035	Peoria	6,153
McHenry	2,578		
DeKalb	1,697		<hr/> 86,784

To the increase of 86,784 in these twenty tributary counties it would not be unfair to add a portion of the gain in Vermilion, Iroquois and a few other counties, enough at least to warrant the statement that one-third of the increased population of the State was in Chicago territory.

It will be remembered that only a few days before the Legislature passed the Act incorporating the city of Chicago, it appropriated \$9,650,000.00 to build railroads in different parts of the State. In order to appease the jealousy of counties through which no railroad or canal could be made to run, the Legislature found it necessary to distribute to them \$200,000.00, and it was ordered that work should begin simultaneously upon each end of every projected railroad, so that the benefits of the Internal Improvement Act might be apparent to all the people of the State. Work was begun at many widely separated places, but the panic of 1837 commenced a few weeks after the Internal Improvement Act went

into operation, money could not be procured, and two years later the General Assembly at a special session repealed the whole system. The State of Illinois had contracted a debt of \$14,237,348.00 for the railroads and the canal, and had to show for this vast expenditure, in 1840, only an unfinished canal, a few miles of unfinished railroad at widely separated points, and a finished railroad from Springfield to the Illinois River. This finished railroad, costing about a million dollars, was operated by the State at a loss for several years, and finally sold for about one hundred thousand dollars in State indebtedness.

Fortunately for Chicago, the canal was not involved in the general collapse of the internal improvement system, the work which had been done was worth all it had cost, and the great benefits derived from the opening of the Erie Canal in 1825 proved conclusively that whenever it should be possible to secure funds to complete this waterway the most extravagant dreams of its projectors would be realized. We are now so entirely dependent upon railroads for freight traffic, as well as for passenger service, that it is hard for us to appreciate the utter helplessness of the early settlers in such a roadless, bridgeless country as northern Illinois was at the beginning of its existence in 1830 and 1840, so far as the ability to move the heavy produce of their farms for any great distance was concerned. Rivers and canals possessed at that time an importance that was lost when half a century of feverish activity had covered the State with a network of iron rails which reached every town of importance in the commonwealth. The early settlement of the southern and western parts of the State was due to the navigable waters of the Mississippi, the Ohio, the Wabash and the Illinois rivers, and especially to the introduction of steam navigation upon these streams about 1817 and its rapid development in the following years. According to Von Holst, "the tonnage of the steamboats on the western rivers rose, in the years 1830-1837, from 63,053 to 253,661," and in 1834 it has been estimated that 90,000 persons were employed in the trade, either as crews, builders, wood-cutters or loaders of the 230 boats then engaged in navigating the Mississippi River.

The first railroad chartered in America was the Mohawk & Hudson, from Albany to Schenectady, in 1825 or 1826, but work upon its construction did not begin until 1830, in which year there were only twenty-three miles of passenger railway in the United States. Tramways operated by horses or by stationary engines had been in use for several years, both in the United States and in Europe, but modern railroading dates from the introduction of the steam locomotive. The first one of these engines seen in this country was built by George Stephenson at Newcastle-on-Tyne and imported in 1829 by the Delaware & Hudson Canal Company for use on the railroad from their coal mines to the terminus of

the canal. In spite of many defects in roadbed, as well as in motive power, the value of this new agency in civilization was quickly seen, and charters were granted by New York, New Jersey, Massachusetts, Pennsylvania, Maryland, South Carolina and other States for numerous roads. Among the earliest roads to use the new motive power were the Charleston & Hamburg in South Carolina and the Baltimore & Ohio. The rapid extension of railways in the United States is shown by the following statement of mileage taken from the "American Encyclopedia": 1840, 2,167; 1842, 3,863; 1844, 4,285; 1846, 4,828; 1848, 6,491; 1850, 8,827.

Naturally, most of this mileage was in the older and wealthier States east of the Alleghenies, even Ohio being credited with 84 miles only in 1846, Indiana with 30, and Illinois with 22. Michigan, however, had in 1846 238 miles of railway, that State having undertaken to complete the Detroit & St. Joseph Railroad, begun by private capital before the panic of 1837. After investing about \$4,500,000.00 and the proceeds of 305,000 acres of land in this and other "internal improvement" enterprises, the State of Michigan sold the Detroit & St. Joseph Railroad to the Michigan Central Railroad Company, and in 1852 it was extended to Chicago.

A good angel must have watched over the fortunes of the Illinois and Michigan Canal, because in 1840, when the credit of the State had been impaired by the failure of the "Internal Improvement" system and the heavy indebtedness incurred thereby, the canal contractors, finding that the "hard times" and consequent fall in prices enabled them to reduce their figures for work, voluntarily offered to take one million dollars of State bonds at par provided these bonds could be sold at a discount of 25 per cent. This was equivalent to a reduction of 25 per cent in their original contracts. The sale of these bonds upon that basis was arranged, and the work was prosecuted in 1840. Some other desperate devices were adopted and some work done in 1841, but the estimates for 1842 could not be met, and in March, 1843, work was entirely suspended.

Although the city had begun to grow again and business was increasing, the year 1842 was in some respects the most discouraging of all the years which followed the panic. The prospect that work on the canal would have to stop, as it did in the following spring; the final collapse of the State Bank in February 1842, followed in June by the failure of the Bank of Shawneetown, organized on similar lines to the State Bank, were depressing in the extreme. Governor Ford says that when he came into office in 1842 he estimated that "the good money in the State, in the hands of the people, did not exceed one year's interest on the public debt." Conditions were so desperate that Congress had passed a bankruptcy law in August, 1841, a commissioner for Chicago was appointed in March, 1842, and before the 1st of September forty Chicago merchants

availed themselves of this opportunity to be freed from debts they could not pay, preparatory to making a fresh start in business. This marked the turn of the tide.

Wholesale Trade

Through all the years of depression Chicago merchants were trying to establish a wholesale trade, as an examination of the newspapers of the period plainly shows. The first number of the Chicago "Democrat," issued November 26, 1833, contains the advertisement of Newberry & Dole, forwarding and commission merchants, who have just received an assortment of dry goods, hardware, crockery, etc., which they offer to sell low for cash.

Also the advertisement of B. Jones, storage, forwarding and commission business, who has made arrangements to forward to New York via the Erie Canal any property that may be consigned to him.

Daniel Elston & Co., the newly established soap and candle manufacturers, also advertised in this number of the "Democrat." These enterprising gentlemen may be considered the prototypes of the great commission houses who in later years composed the Board of Trade of the city of Chicago.

In the following year, Daniel Carver, auction and commission merchant and lumber dealer; also John H. Kinzie, forwarding and commission merchant, and Hubbard & Co., commission and forwarding merchants, were regular advertisers, and several firms offer dry goods, groceries, hardware, crockery, etc., at wholesale. Hubbard & Co., who offer the assortment just mentioned, say: "Dealers in the interior will find it to their advantage to call before they go to St. Louis or the East, as these goods were purchased of importers in New York, and can be afforded at a low price." Russell & Clift offer at "wholesale and retail" books and stationery; Wm. H. Taylor, books, shoes and leather; Jones & King, stoves and hollow ware; John H. Kinzie, dry goods, saddlery, groceries, crockery, tinware and hardware; P. Pruyne, groceries, hardware, crockery, etc.; J. S. C. Hogan, a similar assortment; and Harmon Lewis & Co., in addition to their offer of dry goods at wholesale and retail, announce that as agents for a large candle manufactory they can sell at the lowest Buffalo or Detroit prices, with freight added; Philo Carpenter announces himself as wholesale and retail druggist; G. W. Keeney offers cooking stoves, tin, sheet iron and copper ware.

Every newspaper from the first issue of the "Democrat" onward contains evidence that the early Chicagoans were seeking to attract the wholesale trade, and it is unnecessary to claim that the amount of that trade was at first very extensive. Firms in other lines of business soon followed these pioneers in the wholesale trade, J. A. Smith & Co. offering hats, caps and furs, and John Holbrook advertising himself as "manufacturer's agent."

After the panic of 1837, advertisements of desirable lots in Macomb, Hancock and Tazewell Counties, Illinois; Michigan City, Indiana; Bertrand, Dearbornville, Montville, Michigan, and other places now quite forgotten, ceased; but the Chicago merchants still used the columns of the newspapers, and on the 7th of November, 1839, R. & J. Woodworth insert in the "Daily American" an advertisement as dry goods jobbers, offering to sell at wholesale for cash, "or in exchange for wheat or pork." This advertisement continued to appear until July, 1840. Evidently the frontier city of 4,000 people, most of whom were bankrupt, was not ready to support a dry goods jobbing house. But the fact that anyone at that time had the effrontery to attempt such a business, speaks volumes for the prophetic vision of the people.

More encouraging still was the growing commerce in the produce of the interior which sought Chicago as a market. The initial shipment by Newberry & Dole of 287 barrels beef, 14 barrels tallow, 4,659 pounds hides and 2 barrels beeswax in April, 1833, to which reference has been made, apparently was the only export of food from Chicago prior to 1836, although Judge Thomas is said to have stated in a report made in 1847 that small quantities of beef and pork were exported each year thereafter. The rapid settlement of northern Illinois created a home demand for all the settlers could produce until 1838 or 1839, and Chicago imported from the East, and principally from Ohio, flour, corn, beans and other necessities of life, except beef and pork, of which enough for local consumption came in on the hoof from the interior of the State after 1834.

Lumber had been from the beginning of the town one of the chief articles of import at Chicago, as the forests of Michigan and Wisconsin were the only available sources from which the treeless prairies of northern Illinois could be supplied with this indispensable building material. There was some scattering timber along the streams in the interior, but the inferior quality and scanty supply of this sort of lumber made it a small factor in the trade. Probably the first commercial vessel which entered the Chicago River was the little schooner "David Carver," named for its owner, which with its cargo of pine lumber from St. Joseph, Michigan, was "worked" across the sandbar at the mouth of the stream, then east of the present corner of Michigan Avenue and Madison Street, and unloaded on South Water Street between La Salle and Wells Streets. As the city and its tributary country grew, the lumber trade of Chicago increased, and undoubtedly a large proportion of the 150 vessels which brought their cargoes to Chicago between the 20th of April and the 3rd of September, 1834, were loaded with lumber.

The increasing exports of beef and pork during the period now under consideration, although far exceeded in value after 1839 by wheat, indicate a prosperous condition of the packing industry,

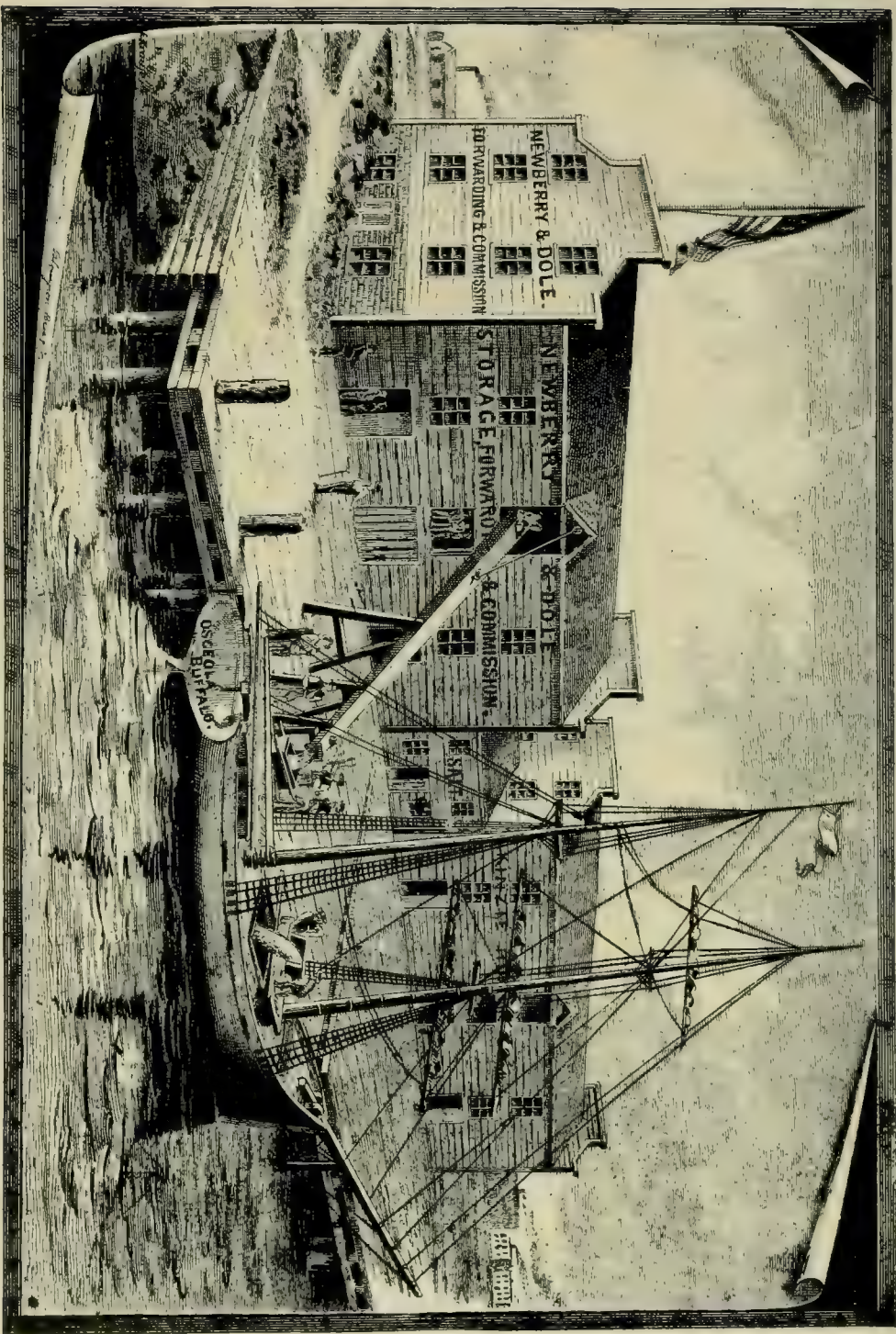
which is further evidenced by the new firms whose names as shippers of these products appear after 1838. Among them are Payne & Norton, Dodge & Tucker, and Absalom Funk, all of whom, however, except Mr. Funk, were commission merchants, rather than packers.

Credit already has been given to George W. Dole as the pioneer packer and shipper of beef and pork in 1832 and 1833, although Archibald Clybourne five years earlier built a log slaughter house on the North Branch about three miles above Fort Dearborn, where he killed the cattle required by the garrison. This enterprise of Mr. Clybourne was a butcher shop business for local consumers, and does not belong in the class of large ventures which include the operations of Mr. Dole in 1832-1833, Newberry & Dole, who built a packing house on the South Branch in 1834, and Gurdon S. Hubbard, who began packing during the same year in the old Bank building, corner of Lake and La Salle Streets, and who three years later built a packing house on Kinzie Street near Rush Street, and in 1840 still another packing house on South Water Street, between Clark and La Salle Streets, where he conducted the business until 1848. Before he came to Chicago to reside, Mr. Hubbard had a store in Danville, and in the winter of 1830-31 he brought a drove of hogs to Chicago and killed them for local consumption. Sylvester Marsh was another early packer, who was associated with Gurdon S. Hubbard in 1834, and in 1838 or 1839 formed a partnership with George W. Dole. Several persons in other lines of business appear to have employed the owners of packing houses to slaughter and pack beef and pork for them during the early years, Sherman & Pitkin, a dry goods firm, and William Felt & Co. among the number. The latter firm in this way employed A. Clybourne during the winter of 1842-1843 to pack for them about three thousand beeves for the New York market, the first beef packed for that market, it is said.

No statistics of receipts in detail during the early years are available. The same may be said about the shipments of beef and pork in 1834 and 1835. Any shipment of either of these articles of food during these years, if such there were, must have been insignificant in amount. Beginning with the year 1836, statistics become available, and the following table (Colbert, p. 47) of imports and exports from that year to 1842 gives a good idea of the expansion of Chicago's commerce:

Year	Imports	Exports
1836.....	\$325,203.90	\$ 1,000.64
1837.....	373,677.12	11,665.00
1838.....	579,974.61	16,044.75
1839.....	630,980.26	33,843.00
1840.....	562,106.20	228,635.74
1841.....	564,347.88	348,862.24
1842.....	664,347.88	659,805.20

FIRST SHIPMENT OF GRAIN FROM CHICAGO'S FIRST DOCK



This table of imports shows that with the exception of the years 1840 and 1841 there was a steady increase in the value of goods received at Chicago, in spite of the general bankruptcy caused by the panic; and that in the last year of the seven-year period (1842) more than twice as much merchandise of one sort or another arrived by lake vessels as was received in 1836, when the "boom" was at its height. As the population of the city had been almost stationary until 1841, and many of those who lived in Chicago were bankrupt and in no condition to purchase freely, the only possible inference from these figures is that the settlers in the interior were buying more lumber, dry goods, groceries, hardware and general merchandise in Chicago, and that they were in some way paying for these purchases, either with money or with the products of the soil. An analysis of the table of exports, incomplete as it is, shows how the country tributary to Chicago was increasing its output.

In 1836 the only lake shipment from Chicago of which there is any record is a consignment of hides worth \$1,000.64, and weighing perhaps 12,000 or 14,000 pounds, as dry hides are quoted at 7@8c a pound in the "Chicago Democrat" of September 14, 1836. In 1837 the export of \$11,665.00 is made up principally of hides to the value of \$10,000.00 and beef and pork amounting to \$1,000.00.

In 1838 the value of hides has increased to \$15,000.00, and for the first time in its history Chicago forwarded wheat to the East, Walker & Co., who had shipped all the hides in this and the two preceding years, appearing as consignors of 39 bags of wheat (78 bushels) on the steamer "Great Western" for Buffalo. There is a mine of information in these figures. The small exports of beef and pork during 1836, 1837 and 1838, and comparatively large quantity of hides sent out, show that Chicago during the last of this period was fully supplied with meat from the interior, while the little shipment of 78 bushels of wheat was an indication that northern Illinois would soon produce its own bread as well.

In October, 1839, Newberry & Dole, whose warehouse was on the North Side, just east of where Rush Street bridge now stands, shipped on the brig "Osceola" 1,678 bushels of wheat which had been bought from the farmers' wagons and hoisted to the top floor by rope and pulley. The wheat was spouted to the deck of the vessel, where it was caught in boxes holding four bushels each, weighed, and dumped into the hold of the ship. It was the custom about this time for the purchaser, instead of paying cash on the delivery of grain, to give a receipt like the following:

Chicago, Dec. 23, 1842.

Received in store from Mr. Brown, 30 bushels and 20 pounds wheat at 44½c.

For account of H. O. Stone.

Newberry & Dole,
Per Julian.

Upon receipt of the certificate, Mr. Brown would use it in the purchase of goods or in settlement of account. The merchant, after purchasing a number of such receipts, would present them to Newberry & Dole, who would give their note for the amount, payable at some future time.

A copy of the bill of lading for this shipment by Newberry & Dole was published in the "Press and Tribune," January 6, 1859, and it is there spoken of as "the first bill of lading for wheat made out in Chicago. It reads:

"Chicago, Oct. 8, 1839.

"Shipped in good order and well conditioned by Newberry & Dole, as agents and forwarders, for account and risk of whom it may concern, on board the brig called the 'Osceola,' whereof Francis Billings is master, now lying in the port of Chicago, and bound for Black Rock, the following articles, being marked and numbered as in the margin, and to be delivered in like good order at the port of Black Rock (the dangers of navigation being excepted), unto the consignee named in the margin, or to the assigns. The freight and charges to be paid as noted below.

"In witness whereof, the master of said vessel hath affirmed two bills of lading, of this tenor and date, one of which being accomplished, the other to stand void.

"Tingman & Durfre,	664 bushels W. Wheat
Black Rock Mills,	1,014 " S. "
Erie County, N. Y.	<hr/>
	1,678

"F. P. Billings."

Still further to emphasize the independence of the western country so far as bread was concerned, it is related that a cargo of flour which came to Chicago for sale in that year returned without finding a purchaser. From this time forward Chicago has been an exporter of wheat and flour as well as of meat and other articles which have been added year by year. The increase in the number of commodities exported in the following two years, as well as the greater number of firms engaged in the trade, both testify to the growing interest in the commerce of the city and to its rapid expansion.

In 1840 the volume of this trade was multiplied nearly seven times over the preceding year, and Walker & Co. and Newberry & Dole, who had nearly monopolized the business hitherto, had as competitors Giles, Williams & Co., B. W. Raymond, Bristol & Porter, Payne & Norton, Gurnee & Mattison, and others, while to the meat and bread shipments were added tallow, beans, wool (for the first time), lead, lard and flaxseed. Another great increase in this trade took place in 1841, the figures for that year being 50 per cent in excess of 1840, and several new firms appear as shippers.

Among them are W. W. Saltonstall, W. L. Whiting, H. Norton & Co., G. W. Merrill, Crawford & Harvey, Dodge & Tucker, Smith & Webster, and others. The principal articles of export are, as before, wheat and meat, but among other commodities not previously found are, corn (1,781 bushels), grass seed (33 bushels) and butter.

Again in 1842 the lake-borne commerce of Chicago nearly doubled, and for the first time shipments of wheat exceeded half a million bushels, and the value of all the shipments rose to \$659,305.20. Of this total, wheat was by far the largest item. Beef and pork were next in importance, 16,209 barrels having been shipped during the year. For obvious reasons the distributing trade of the city did not show such sensational growth as its outward bound commerce. It had assumed respectable proportions before anything was exported except a few hides and a little beef or pork, and it kept well ahead of the shipments by lake until 1842, when exports and imports were nearly equal to each other in value.

So far as known to the writer, there is no list of the different articles of merchandise imported at Chicago in 1842, but undoubtedly it comprised nearly everything essential to the life of a civilized community, except the food produced upon Illinois farms. There was enough in this amazing development of business before their eyes to justify the wildest dreams of the early Chicago enthusiasts in the year 1842. Work on the canal was about to cease, the State Bank was insolvent, there was not a sound bank in the State of Illinois, there was almost no specie in circulation, and such bank bills as served for currency were looked upon with distrust and accepted only at a heavy discount; most of the people of Chicago were bankrupt. The credit of the State of Illinois had been ruined by foolish financial experiments; its bonds were selling at 80 per cent discount, taxes were burdensome, and repudiation was threatened. And yet there was in this astonishing commercial expansion during the five or six years which followed the panic of 1837, positive assurance that when a method could be found by which the surplus products of northern Illinois farms could reach Chicago, there would be a development of the city far exceeding anything yet witnessed. Although handicapped by the want of good roads to the interior of the State, and for several months in the winter completely cut off from all means of transportation to the East, the commerce of the little city had grown, until in 1842 it amounted to more than a million and a quarter of dollars. What might be expected when the completion of the canal, the Galena & Chicago Railroad, and a system of turnpikes to the interior should bring the surplus of the great State to the warehouses of the ambitious little town!

Aside from their implicit faith in the future of the place and their indomitable courage in the face of great difficulties, the mer-

chants of Chicago, relieved by the bankrupt court from an incubus of debt, could count as a good, tangible asset, on the 1st day of January, 1843, a busy city of more than 7,000 people, equipped with all appliances for handling the great commerce which it confidently expected. Some of its streets were bottomless, but the farmers who hauled their wheat over the muddy roads leading to the town, and exchanged it for dry goods, agricultural implements and other merchandise, didn't mind the city mud. The Lake House, built in the boom days of 1836, furnished first-class accommodation to tourists; lines of stage coaches carried mails and passengers, over such roads as there were, to Detroit, daily; to Galena via Belvidere and Apple River, semi-weekly; to Milwaukee, tri-weekly; to Dixon's Ferry, weekly; to Ottawa via Joliet, daily; to Danville and Vincennes, weekly.

A tri-weekly line of steamboats to and from Buffalo, during the season of navigation, afforded luxurious quarters for eastbound tourists, and carried freight at reasonable rates. A fleet of sailing vessels brought lumber to Chicago from St. Joseph, the Kalamazoo River and Muskegon, and carried supplies for the lumber camps in return. The water system of the Chicago Hydraulic Company had just gone into operation (May 24, 1842), furnishing an ample supply of pure water which was distributed through wooden service pipes. The city's destiny awaited development of an adequate transportation system to the interior.

CHAPTER III

The Modern City

EVERYONE familiar with local conditions recognized the vital importance of the Illinois and Michigan Canal to the city of Chicago. More than half the work necessary for its completion had been done before the close of the year 1842, but in the distressed condition of the State finances, it was hopeless to look in that direction for further assistance. Almost equally hopeless was the prospect of obtaining anywhere at this time the \$4,000,000 needed to finish the Canal according to the plans which had been followed thus far. The State had become so deeply involved in debt that many public men openly advocated repudiation of all the bonds. "The two leading Whig newspapers of the State boldly took ground that the debt never could and never would be paid. Very many democrats were in favor of the same course. * * * At a democratic convention which nominated Mr. Snyder for governor, a resolution against repudiation, offered by Mr. Arnold of Chicago, was laid on the table * * * so as not to commit the party one way or the other." (Ford, p. 291-292.)

In at least one county in the State, the people refused to pay their taxes. Many politicians in the southern part of the State were so strongly prejudiced against northern men that they opposed the Canal, "for fear it would open a way for flooding the State with Yankees." (Ford, p. 281.) The bonds of the State of Illinois "were selling for only fourteen cents on the dollar." (Ford, p. 300.)

It was at this critical time that William B. Ogden, Justin Butterfield and Isaac N. Arnold of Chicago, and Arthur Bronson of New York devised a plan for reorganization of the affairs of the Canal, which became a law February 21, 1843. (Andreas, vol. 1, p. 170.) The bill was prepared by Mr. Butterfield, and provided that the holders of the Canal bonds should advance \$1,600,000 (the sum reported to be necessary by the Chief Engineer) to complete the Canal, "in return for which, the State was to convey the Canal property in trust, to secure the new loan, as well as for the ultimate payment of the whole Canal debt, and was to lay some moderate tax to pay some portion of the accruing interest on the whole debt." (Ford, p. 297.)

Michael Ryan and Charles Oakley were appointed Commissioners to negotiate the loan, and after successfully meeting all the objections raised by the foreign bondholders, they at least par-

tially succeeded in their mission, the foreign bondholders agreeing to furnish their share of the desired loan, provided, an expert investigation should substantiate the Commissioners' statements.

Still another difficulty threatened disaster. The amount to be obtained by the new loan would complete the Canal only on what was known as the "shallow cut" plan, and this required a supply of water for the summit level which could be secured only by making a Canal thirty miles in length from Fox River, or by pumping water from the Chicago River. The latter plan, devised by Ira Miltimore, a Chicago engineer, was adopted and work was begun upon the Canal in September, 1843, although little progress was made until 1845.

During the latter part of the winter of 1842-43, there was great depression in the price of farm products in Chicago, the Weekly Democrat of January 25, 1843, giving the following quotations, which it is believed are the lowest record for most of the commodities, although white winter wheat is reported by Andreas, vol. I, p. 153, to have sold at 38c a bushel in the following month, and spring wheat sold below 30 cents in 1851.

Pork.....	\$5.00@6.00	per barrel.
Lard.....	.02@ .04	per pound.
Butter.....	.06@ .08	per pound.
Flour.....	2.75@3.00	per barrel for superfine.
Winter Wheat.....	.42@ .44	per bushel.
Spring Wheat.....	.35@ .38	per bushel.
Corn (shelled).....	.12@ .15	per bushel.
Potatoes.....	.12@ .18	per bushel.
Turkeys.....	.37@ .45	each.
Ducks.....	.12	each.
Chickens.....	.12@ .18	each.

How far these extremely low prices were due to the general demoralization of the finances of the community, and how far to other causes not now apparent, it is impossible to say, but the following table of the "Money Market," furnished by George Smith & Co., Private Bankers and Exchange Brokers for the Weekly Democrat of January 25th, 1843, gives some idea of the troubles of the merchants in those days.

Specie.....	par
Illinois.....	60 percent discount
Bank of Illinois.....	60 percent discount
Indiana.....	.3@5 percent discount
Farmers & Mechanics Bank of Michigan..	.3@5 percent discount
Wisconsin Marine & Fire Insurance Co., ck.	2 percent discount
Missouri.....	.3@5 percent discount
Canal Scrip.....	80 percent discount

County Orders.....	65 percent discount
City Scrip.....	12½ percent discount
Bank of Cairo.....	no sale
Bank of Michigan.....	no sale
Bank of Mineral Point.....	no sale
Miners Bank of Dubuque.....	no sale

In other words, all bank bills, scrip and other certificates used as currency, and legally issued by the City, County or State, could be converted into real money only by submitting to discounts, ranging from 12½ per cent to 80 per cent. The bills of some Michigan, Indiana and Missouri banks could be sold at 3%@5% discount, while certificates of deposit issued by the Wisconsin Marine and Fire Insurance Company of Milwaukee, a corporation which had no legal right to issue currency, but in the integrity and ability of whose management the community had confidence, were almost as good as gold.

George Smith, whose table of the "money market" appears above, was the president and directing spirit of this Insurance Company, whose illegal certificates of deposit for nearly a dozen years, furnished Chicago and vicinity almost the only paper currency which was redeemed in specie upon presentation. He made a great fortune for himself, and at the same time rendered a signal service to the growing city. He was a young Scotchman who arrived in 1833, and who brought a capital of \$25,000, with which he speculated successfully in real estate for a time. Perhaps he had the foresight or the good fortune to sell his holdings before the panic of 1837. At all events, he was one of the few who escaped bankruptcy in that financial cyclone, and in 1839, he with his associates, Strachan & Scott, obtained from the Territorial Legislature of Wisconsin a charter incorporating the Wisconsin Marine and Fire Insurance Company. This charter was a copy, with unimportant changes, of the charter given by the Illinois Legislature to the Chicago Marine and Fire Insurance Company in 1836-7, under which, notwithstanding the provision prohibiting the company from doing a banking business, the Chicago Marine and Fire Insurance Company had, after the panic, issued certificates of deposit, which for lack of circulating medium, were used as a currency. Doubtless this issue of "certificates," although never very large in amount, suggested to George Smith the feasibility of supplying the community with a circulating medium which in the nature of things rested solely on the confidence of the people in himself and his associates. Another Scotchman, Alexander Mitchell, came to Milwaukee, and settled there as Secretary and local manager of the Wisconsin Marine and Fire Insurance Company, and by honest and conservative banking methods, and against the bitter enmity of the rotten banks operating under legal authority, this in-

insurance company gradually established its credit until in 1851 its certificates in circulation amounted to nearly one and a half million dollars, all of which was paid upon presentation after contributing greatly to the prosperity of Chicago during the decade 1841-1851, when no other good currency was available.

The Chicago Democrat of October 11th, 1843, copies an item from the Buffalo Economist which, speaking of Chicago wheat, says, "We all know its good quality, but there is some poor raised there, and some farmers are less careful than others to keep their grain clean. If good and bad, sand and clay, are all thrown into a vessel's hold together, it cannot be very satisfactory to those who buy the cargo for good clean wheat." The Democrat adds, "There can be no doubt but the course of our merchants and forwarders in mixing various kinds of wheat has injured our farmers much by keeping the price down."

The same issue of the Democrat, commenting upon a report in the Galena Gazette that "business has fallen off" in Chicago, says, "Chicago trade is better now than it was last season; * *

* Chicago is the best wheat and pork market in the United States, and always will be."

The year 1843 was not an eventful one in the history of Chicago, aside from the discontinuance of work on the Canal in March, and its resumption on a small scale in September, after the reorganization to which reference has been made. There was a steady growth in population, and another astonishing increase in the commerce of the city, the imports by lake reaching \$1,435,-886.70, and the exports of farm products, including flour, amounting to \$1,008,207.94. But the lesson of the panic was not forgotten, only a little more than \$100,000 of the Wisconsin Marine and Fire Insurance Company's certificates were in circulation, specie was scarce, and of the 600,000 acres of public land offered for sale by the government at Chicago on the 3rd of February, only 70,000 acres found purchasers.

An important aid to the commercial community was the inauguration of tri-weekly express service between Chicago and the East, on the 3rd of April, 1843. Miller & Co. started this line, and its success justified its increase to a daily line in 1845.

The year 1844 was the first year after the panic in which the growth of the city was at all phenomenal, the increase as shown by the census of 1845 being about 50 per cent. The outward bound commerce fell off slightly, but the imports increased about as much, so that the total trade of the city showed little change from the preceding year, when its volume approached two and a half millions. There was, however, a decided revival of courage and confidence on the part of everybody, property values rose, meetings were held in the interest of good roads, new school buildings and other public improvements, and on the 10th of September, at a meeting held in

the "Council room for the purpose of electing delegates to attend a meeting at Elgin in the interest of building a macadamized or plank road from the Fox and Rock Rivers to Chicago, it was resolved that the commercial prosperity of Chicago mainly depends upon the improvement of the roads leading from it to the heart of the rich agricultural regions by which it is surrounded." (Andreas, vol. I, p. 153).

The meeting was held in Elgin on the 12th of September, and in the resolutions in favor of a plank road and selecting committees to prepare estimates of the cost of the same, they incorporated the following preamble, viz.:

"Whereas, The large and increasing amount of agricultural products yielded by the fertile soil of Illinois, even in the present beginning of its cultivation, which requires transportation from the Fox and Rock River valleys to the City of Chicago, with the vast and equally increasing amount of merchandise, lumber, iron, salt, etc., rendered necessary from the city to the country, call urgently for some better thoroughfare than is now possessed between the above named places, therefore, resolved, etc." (Chicago Weekly Democrat, Sept. 18, 1844.)

Evidently the farmers were as anxious for "good roads" as the city people, and well they might be, when the proceeds of a wagon load of wheat hauled 60 miles was consumed in expense of feed for the team, wear and tear of team and wagon and wages of driver, even if the latter had no shelter at night except his wagon box, and lived on pork and dry bread.

That there was urgent necessity for better roads is indicated by the Chicago Evening Journal which, in its market review of December 12, 1844, says, "Wheat and pork remain at our yesterday's quotation—there is but little coming in. The roads are almost impassable for loaded teams," and in its "city items" remarks that "our merchants are eagerly looking for a fall of snow."

So great was the influx of population that more than six hundred new buildings were erected in 1844. Chicago had "arrived." What was only a promising "prospect" ten years earlier was now a developed mine yielding good dividends, and with rich lodes visible in a hundred directions awaiting development.

The first permanent public school building in Chicago was begun in 1844 and completed in March, 1845, at a cost of \$7,500. It stood on the north side of Madison Street, opposite the present site of McVicker's Theatre. There was strenuous opposition to the erection of so large and expensive a building for school purposes, and Mayor Garrett, in his inaugural address delivered about the time it was finished, "recommended that it be either sold or converted into an insane asylum." (Andreas, vol. 1, p. 211.) The "Kickers," of whom there were many, dubbed it Miltimore's Folly, because Ira Miltimore, the engineer who built the first water works,

and devised the method of supplying the summit level of the Canal with water pumped from the South Branch of the Chicago River, had, as Chairman of the Council Committee on Schools, been instrumental in having this school house built. Dr. Josiah C. Goodhue, one of the first aldermen from the 1st Ward, and J. Young Scammon, share the credit for the permanent establishment in 1840 of the public school system in Chicago. Prior to the building of the school on Madison Street, above mentioned, it was customary for the School Inspectors to hire rooms for school purposes, the only exception to this practice being an offer made by the inspectors in 1842 to furnish materials for a school house in the "Dutch Settlement" on the North Side, provided the inhabitants would erect the building themselves. This offer was accepted by the District and the Inspectors furnished materials to the value of \$211.02.

Soon after the erection of the first permanent public school building, the Roman Catholics laid the foundation of a college and seminary (October 17, 1845) to be a part of "The University of St. Mary's of the Lake," which the Legislature had incorporated on the 19th of the preceding December.

Nearly all the leading bodies of Christians had organizations and many of them church buildings in Chicago at this time, the Catholics having, in 1843, replaced the wooden St. Mary's Church, built on Lake and State Streets, and later removed to the southwest corner of Madison and Wabash Avenue, with a brick edifice costing \$4,000.

The Episcopalians had occupied since 1837 the first brick church built in Chicago, which cost, including furnishings, more than \$15,000, and in August, 1844, they built another church on Madison Street between Clark and La Salle.

The Presbyterians, the Baptists and Methodists each had two churches; the Universalists and Unitarians each one.

Chicago could boast at this time at least two good hotels, the Lake House and the Tremont; two daily newspapers, "The Democrat" and "The Journal;" a monthly "Medical and Surgical Journal" begun in April, 1844, in the interest of the newly established "Rush Medical College," which was chartered in 1837, but not organized until December, 1843, when the first course of lectures was given; organizations of Masons, Odd Fellows, and other secret societies, as well as social organizations, The Young Men's Association, which afterwards became the Chicago Library Association, and foreshadowed the Public Library of later days; The Chicago Bible Society, a Mechanics Institute, and a theatre. There is abundant evidence that, engrossed as they were in thoughts of the material things of life, early Chicago people knew of a world in which pork and wheat and lumber and drygoods were not the only things of value. Still they were the basis of existence, and while the fig-

ures show steady growth, the increasing number of wholesale firms in new lines of business attest the profitable nature of the city's commerce. Another noticeable feature of the Chicago newspapers about this time is the appearance of advertisements of Detroit, Buffalo, Boston and New York business houses, a sure indication that Chicago's trade was already large enough to stimulate competition among eastern firms who sought to profit by it.

Among the new firms which seek the wholesale trade through advertising columns of the newspapers in 1844 and 1845, are:

Bracken & Fuller, Wholesale and Retail Dry Goods and Groceries.

C. Follansbee, Wholesale and Retail Dealer in Groceries, Liquors and Provisions.

L. P. Sanger & Co., Manufacturers, Wholesale and Retail Dealers in Hats, Caps, Furs, etc.

E. S. & J. Wadsworth (Democrat March 6, 1844), Dealers in Dry Goods at Wholesale.

Messrs. Wadsworth announce that they have made arrangements for weekly arrivals at their store in Peru, Ill., of Sugar and Molasses direct from New Orleans, which they offer at Chicago or Peru, as desired.

John King, Jr. & Co., Dry Goods, Groceries, &c., Wholesale and Retail.

Nathaniel Pitkin offers Sheetings, Wholesale and Retail.

H. Miller, Manufacturer of Fine Cut and Smoking Tobacco, Snuff and Segars, offers to supply "Merchants at New York prices."

Dyer and Chapin, Dry Goods, Groceries, &c., Wholesale or Retail. They also offer as Agents for the manufacturers, a consignment of Broadcloths, Satinnets and Cassimeres.

A. G. Burley & Co., Importers and Dealers in China, Glass, Earthenware, at Wholesale and Retail.

W. L. Whiting offers a consignment of Printing Paper.

N. & F. Tuttle, Wholesale and Retail Dealers in Dry Goods, Groceries, Hardware, etc.

J. H. Dunham (Democrat, July 23, 1844), Wholesale Grocer and Commission Merchant.

Henshaw & Shaw, Wholesale Grocers and Commission Merchants.

J. B. Doggett, Agent for the Brownsville Juniata Iron Works, Iron, Nails, Spikes, &c.

W. W. Barlow & Co., Wholesale and Retail Bookstore.

Ryerson & Blaikie, Iron, Steel, Nails, Glass, Whitelead, &c. (Evidently agents for the Hecla Works of Pittsburgh.)

B. W. Raymond, Commission House for Sales of American manufactured Cotton and Woolen goods.

Scoville & Gates, Plough Manufactory and Machine Shop.

Pierce & Whitbeck, Plough Factory.

E. L. Sherman, Lard Oil Works.

R. J. Cunningham & Co., offer Cut Stone from their Stone Quarry at Joliet.

In the Chicago Directory for 1845-6, nearly all the merchants who advertise Books & Stationery, Dry Goods, Groceries, Boots and Shoes, etc., appeal to the wholesale trade as well as retail, among those not heretofore mentioned being,

J. Beecher, Wholesale and Retail Dealer in Leather, Boots, Shoes, Findings, etc.

C. B. & W. Blair, Wholesale and Retail Dealers in Cooking and Parlor Stoves, Tin Plate, Sheet Iron, Copper, &c.

But in the classified business directory for 1846, while J. H. Dunham, and Henshaw & Shaw advertise as Wholesale Grocers exclusively, and T. B. Carter & Co. and others, confine themselves to the line of Dry and Fancy Goods, no Dry Goods Merchant has the assurance to announce his firm as exclusively a Wholesale house. Hamilton & White, and Hamlin, Day & Warner, appear under the head of "Dry Goods and Groceries."

Beef and pork packing continued to hold first place in the manufacturing industries of the City, although far exceeded in value by wheat in the list of shipments by lake to eastern markets. It is claimed that Wadsworth & Dyer in the winter of 1844-5, packed the first beef put up in tierces for the English market. (Andreaš, vol. I, p. 562.) It was so well received that their English consignees reported to them that "their beef will compete successfully with the best Irish brands." (See Daily Democrat, September 26, 1848.) The outward bound shipments nearly doubled in 1845, while the receipts by lake showed only about 20 per cent increase. The total import and export trade however amounted to more than three and a half million dollars. During the autumn of this year the Canal Engineer completed his preliminary work, and in the following year the French and English bondholders, as well as those in the United States paid their subscriptions to the loan negotiated in 1843, and excavation was prosecuted with vigor. Doubtless the splendid increase in the City's trade during the early '40's had much to do with the willingness of the bondholders to "send good money after bad." Without this incentive they might have been unwilling to make any further advances to an enterprise which at one time looked almost hopeless.

The people of Chicago were alive to the necessity of railroad communication with the East as well as the West, and the Chicago Weekly Democrat of April 9, 1845, announced that the Michigan Central Railroad "would be in full blast to Kalamazoo, the ensuing summer. When the last link is completed (to St. Joseph) the journey can be made from Boston to Chicago in 84 hours, as follows:

From Boston to Albany.....	12 hours
From Albany to Buffalo.....	24 hours
From Buffalo to Detroit.....	30 hours
From Detroit to St. Joseph.....	12 hours
From St. Joseph to Chicago.....	6 hours

Notwithstanding its pre-eminent natural advantages, Chicago had to fight for its "place in the sun." Before the town was incorporated in 1833, when it had no harbor, no commerce, no accumulated capital, and only 100 or 150 inhabitants including "half-breeds, quarter breeds, and men of no breed at all," as Charles Joseph Latrobe, an English traveler described them (Hurlbut, p. 215), St. Louis was a wealthy city of about ten thousand people, the metropolis of the West, in complete control of the vast and profitable commerce of the Mississippi, Ohio, Missouri and other western rivers. Southern and Central Illinois marketed the produce of their farms at St. Louis and bought their merchandise there. Lead mining at Galena was controlled by St. Louis capital, and the effort of the State Bank, under the control of Thomas Mather and his associates in 1835-1837, to divert this business to Alton, and the losses incurred in this reckless attempt, contributed in considerable measure to the downfall of that bank, and the consequent disgraceful collapse in the credit of the State of Illinois.

The interest of St. Louis merchants, and of the people of the southern and central parts of Illinois, called for development of roadways leading to St. Louis rather than to Chicago; and only by offering superior inducements could Chicago merchants hope to capture the trade of their own State and divert it from its well-worn channels leading to the great emporium of the Mississippi Valley.

In the fall of 1845, the completion of the Canal within two or three years was assured, and the enterprising residents of Chicago turned their attention to the Galena and Chicago Union Railroad, which it will be remembered, was chartered January 16, 1836, but succumbed to the financial difficulties which overwhelmed the people of Illinois soon afterwards. No work of any consequence was done upon this projected road for ten years, but in January, 1846, a great convention at Rockford attended by 319 delegates from all the counties on the line of the road, revived the enterprise and adopted measures looking to the resumption of work. The charter of the road, with such land and other property as it had, was purchased from Townsend and Mather for \$20,000 in full-paid stock of the Company, and towards the close of the year 1846, the Directors of the Company subscribed towards the expense of a survey.

William B. Ogden and J. Young Scammon were most active in furthering the project, but when they solicited subscriptions to

the stock of the Company in the following August (1847), they succeeded in obtaining the promise of only \$20,000 in the City of Chicago. "Some merchants opposed the scheme, fearing it would take the sale of goods from Chicago to points on the line of the road." (Andreas, vol I, p. 247), and the Common Council refused to grant the railroad right of way into the City, and would only give a permit to lay a temporary track to the river, so that one of the two engines which the directors had bought, could be unloaded and run out to the city limits, then at Halsted and Kinzie Streets.

In marked contrast with the apathy in Chicago, was the enthusiasm in the country. In the fall of 1847 Mr. Ogden and Mr. Scammon traveled over the entire line from Chicago to Galena, stopping at all the principal points, addressing public meetings and soliciting subscriptions to the stock of the company. Farmers and others subscribed liberally, and even the farmers' wives put the proceeds of their butter and other household productions into railroad stock, often at much sacrifice of personal comfort.

Charles Walker, Isaac N. Arnold, John B. Turner and John L. Scripps also traveled over the line soliciting subscriptions. Enough promises were secured during the fall of 1847 to warrant the officers of the Company in letting contracts for the first seven miles west of Chicago, and organizing a corps of engineers to locate the line as far as Fox River; and on the 1st of March, 1848, they let contracts for grading and bridging 25 miles more, the contracts providing that the first sixteen miles from Chicago should be finished August 1, 1848, and the remaining sixteen miles, October 1, 1848.

The years 1846 and 1847 were years of steady and rapid, but not phenomenal growth in population, nearly five thousand being added in the two years, or say, 40 per cent. of the number reported in 1845.

Commerce increased in about the same proportion as population, the total exports for 1847 being \$2,296,299, about 49 per cent increase in two years. Included in this total were 1,974,304 bushels of wheat, 32,538 barrels of flour, and 48,920 barrels of beef and pork.

The imports at Chicago in 1847 showed an increase of 29 per cent. over the corresponding figures for 1845, the total amount being \$2,641,852.52, and the total exports and imports, therefore, for the year having a value of nearly five million dollars, and showing an increase in the total commerce of the City in two years of 38 per cent.

The following tables give a good idea of the trade of the city during the year prior to the opening of the Illinois and Michigan Canal, and before the first railroad line was built.

Imports.

Dry Goods	\$ 837,451.22
Groceries	506,027.56
Hardware	148,811.50
Iron and Nails.....	88,275.50
Stoves and Hollowware.....	68,612.00
Crockery	30,505.00
Boots and Shoes.....	94,275.00
Hats, Caps and Furs.....	68,200.00
Jewelry, &c.	51,000.00
Books and Stationery.....	43,580.00
Printing Paper	7,284.11
Presses, Type and Printing Material.....	7,432.50
Drugs and Medicines.....	92,081.41
Paints and Oils.....	25,460.00
Liquors	86,334.67
Tobacco and Cigars.....	3,716.00
Ship Chandlery	23,000.00
Tools and Hardware.....	15,000.00
Furniture Trimming	5,564.07
Glass	8,949.24
Scales	4,044.55
Coaches, &c.	1,500.00
Looking Glasses, &c.....	2,500.00
Marble	800.00
Oysters	2,500.00
Sportsmen's Articles	2,000.00
Musical Instruments	6,426.00
Machinery, &c.	30,000.00
Lumber, Timber, Shingles, Staves, &c.....	265,332.50
Salt, Coal, Iron, Fish, Waterlime, &c.....	117,210.29
Total	<hr/> \$2,641,852.52

(Note. There is an error of \$2,020 in addition, but the figures given by Andreas have been followed.)

Exports (Quantities.)

Wheat, bushels	\$1,974,304
Flour, barrels	32,598
Corn, bushels	67,315
Oats, bushels	38,892
Beef, barrels	25,504
Pork, barrels	22,416
Hams and Shoulders.....	47,248
Tallow, pounds	208,435

Butter, pounds	\$ 47,536
Beans, bushels	440
Wool, pounds	411,088
Tobacco, pounds	28,423
Lard, pounds	139,069
Leather, pounds	2,740
Beeswax, pounds	5,390
Oil, gallons	8,793
Lead, pounds	10,254
Hemp, pounds	6,521
Flax Seed, bushels.....	2,262
Mustard Seed, bushels.....	520
Timothy Seed, bushels.....	536
Hay, tons	415
Cranberries, bushels	250
Buffalo Robes, bales.....	60
Dry Hides	8,774
Deer Skins, pounds.....	28,259
Sheep Pelts	1,133
Furs, packages	278
Ginseng, pounds	3,625
Ashes, barrels	16
Bristles, pounds	4,548
Glue, pounds	2,480
Brooms	3,168
Whitefish, barrels	1,229
Barley, bushels	400
<hr/>	
Total value	\$2,296,299

The table of imports does not include goods landed in Chicago for merchants in the interior, nor does the table of exports include supplies sent by lake to the lumber and mining regions in Michigan and Wisconsin.

"Previous to 1846 Chicago was a port of delivery only, and belonged to the Collection District of Detroit;" but on the 16th of July, 1846, Congress established the Collection District of Chicago, to include all the western shore of Lake Michigan from the Indiana line "northward to, and including the town and River Sheboygan, which are in the territory of Wisconsin." (Colbert, p. 63.)

President Polk sent a special message to Congress May 11, 1846, announcing that "a state of war exists" by act of the Republic of Mexico. General Taylor's little army of occupation had been attacked by a superior Mexican force at Palo Alto three days before, and won a victory, which was made more decisive on the following day at Resaca de la Palma.

The news of the action of Congress reached Chicago about the 20th of May, and soon thereafter, in response to the proclamation of Governor Ford, two companies of volunteers were raised in the City, both of which, about June 10th, were mustered into the United States service in the famous First Illinois Regiment, commanded by Colonel John J. Hardin. These companies were under command of Captains Lyman, Mower and Elisha Wells, respectively, and with their regiment were soon at the front, where they did good service for their country.

Many men were recruited in Chicago for the regular army, more than 100 it is said by Captain C. C. Sibley. A company of cavalry, known as the Chicago Horse Company, raised by Colonel Richard J. Hamilton, was accepted as infantry, and it has been estimated that Chicago and Cook County furnished in all, about 790 men during the Mexican War, all of whom served with credit to themselves and to the State. None of them appears to have won great military renown, but Murray F. Tuley who was First Lieutenant of the "Chicago Horse Company" above referred to, and Corporal Charles C. P. Holden of the same Company attained distinction in civil life in after years, the former as an upright Judge of the Circuit Court of Cook County, and the latter as a member of the Common Council, and its President at the time of the Great Fire in 1871.

Congress had made small appropriations for improvement of the Chicago River and Harbor, in 1833, 1834, 1835, 1836, 1837, 1838, 1839, 1842 (Report of Hon. J. B. Thomas, Fergus Historical Series, No. 18, p. 192), and in 1846 an item for further work upon the same was included in the appropriation bill which was vetoed by President Polk. Great indignation was aroused in Chicago by this action, and the people determined to call a convention to meet in Chicago in July, 1847, to express their views on the needs of the Western States, and to demand from the Government adequate facilities for the great commerce already pouring into Chicago, and the far greater traffic which the rapid settlement of the West rendered certain in the near future.

To Mr. William M. Hall, agent at St. Louis, of the Lake Steamboat Association, is due the credit of initiating the propaganda which enlisted the support of the principal commercial men in Detroit, Buffalo, Boston, Springfield and New York, as well as those in Chicago. The Chicago members of the Committee of Arrangements, William B. Ogden, S. Lisle Smith, and George W. Dole deserve great credit for keeping the convention free from all appearance of partisanship, and making it a gathering representative of the Western States rather than of the city of Chicago alone. Hon. Edward Bates of St. Louis was elected chairman of the Convention, and among the twenty thousand people who were in attendance, were the leading men from New England, New York,

Pennsylvania, New Jersey, Georgia, Florida, Kentucky, and all the Western States north of the Ohio River, including Missouri and Iowa west of the Mississippi.

Although Congress did not yield to the wishes of the Convention, Chicago profited by the advertisement given it, and some necessary work upon the river was done at the cost of the City, before the national government was ready to assume the burden which properly belonged to it.

Horace Greeley, of the New York Tribune, and Thurlow Weed, of the Albany Evening Journal, were both at the convention, and Mr. Weed, who came by lake from Buffalo, in a letter to his newspaper, written the day before the opening session, made the prediction that "upon the shores of these lakes is an extent of country capable of supporting, and destined to receive, in the course of half a century, at least a quarter of a million inhabitants." Chicago alone had about six times this number in 1897, when Mr. Weed's "half century" came to an end.

Partial failure of the potato crop in Ireland in 1845, and complete failure in the following year, caused the worst famine and pestilence known to modern European history to ravage the unhappy Emerald Isle during the next few years. (Ireland's Story, Johnston & Spencer, p. 310). Out of a population of less than nine millions, more than a million persons died of starvation and the plague, during the years 1847 to 1851, inclusive, and an equal number emigrated to America, assisted in many instances by relatives who had preceded them.

The Irish famine and bad harvests in England made the task of the Anti-Corn Law League an easy one; and the removal of the British tariff on grain was as great a benefit to the western farmers, and therefore to the people of Chicago, as it was to the hungry poor of Great Britain. Bread was cheapened in London and Dublin, and the farmers of America got more for their wheat, the amount of the duty, which was removed, being divided between producer and consumer, as is usual in such cases.

The little city responded nobly in 1847 to appeals for the suffering poor of Ireland and Scotland, contributing supplies of flour, pork, and corn, as well as money.

The Great Migration.

Next to the war of 1914 the most momentous event in modern history is the great migration of people from every nation under the sun to the cities and farms of the United States of America. No movement of population ever occurred before approaching in magnitude that one which, for the past fifty years, has been directed toward our country; nor is its like probable in the future. Not one of the conquering hosts of Goths, or Vandals, or Huns, who, in the fourth and fifth centuries of the Christian era successively invaded

and finally destroyed the Roman Empire, equaled in numbers the men and women who have landed on our shores in a single year; and all of them combined are outnumbered many times by the Irish, Germans, Scandinavians, Italians, Russians, Hebrews, and people of other races and nationalities, who since the Irish Famine in 1846-7 and the close of the Civil War have descended upon, and appropriated the agricultural paradise that lies between the Allegheny mountains and the Rockies, and between the Canadian border and the Mexican gulf.

No movement of population comparable with this one was possible prior to the era of the railroad and the steamship. It is within bounds, therefore, to say that only within the last sixty years could The Great Migration have taken place; and that within that period this phenomenal movement of humanity has exceeded about ten times in volume the greatest previous transfer of population in the world's history, and that the distance traveled by these modern homeseekers exceeded about ten times the four or five hundred miles which separated the old homes of the tribes who overran the Roman Empire from their new possessions in Greece, Italy, Gaul, and Spain.

Alaric and Genseric, and Attila, and the hordes they led from the plains of Scythia and Hungary and northern Asia, won, with their spears and bows, a new home in a genial clime; but the few thousand square miles in Greece and Italy, in France and Spain, which came into possession of the conquerors, was a bauble compared with the priceless jewel which was freely offered to the immigrants of the nineteenth century. Rome, even in her decadence, fought with more or less courage, though without success, in defense of her patrimony; at least she showed her appreciation of the legacy which had been bequeathed to her. But America, with an inheritance incomparably richer, won by the blood of countless heroes, despised this unexampled gift of Providence, and like a spoiled child, seemed anxious only to abandon her priceless heritage to aliens of every race and name.

This garden of the world, bequeathed to us by our Revolutionary sires, and consecrated and confirmed to their descendants by the dead of the Civil War, is today largely in possession of those to whom Lexington and Yorktown, Fort Donelson and Appomattox are words without meaning.

Or, can it be, that we have failed to see that it was the purpose of the Supreme Ruler not to give this fair land in fee simple to the earlier generation of Americans who sacrificed so much for it, but only to allow them the honor of holding it in trust for the disinherited of all nations. Anyhow, the phenomenal growth of the great valley of the United States during the past half century could not have occurred if the 25,000,000 aliens who have made this country their home since the close of the Civil War, had sought

homes elsewhere; and without this development of the farms, the mines, the forests, the water-power, and the manufactures of Michigan, Indiana, Illinois, Missouri, Iowa, Minnesota, North Dakota, South Dakota, Nebraska, Montana, Wyoming, Colorado, Kansas, Oklahoma, and Texas, Chicago would bear little resemblance to the wonder city it is today. Its unparalleled growth is but the reflection of the equally marvelous development of the Inland Empire tributary to it.

The years during which Chicago began its wonderful career were unique in the history of mankind. The application of steam power to the production of commodities was changing the nature of manufacturing industry as radically as the steamship and locomotive were changing the distribution of products and the transfer of human beings from one part of the globe to another. Although an American ship, the "Savannah," propelled by steam and sails, crossed the Atlantic ocean in 1819, the first regular steamers began their trips between the British Isles and American ports in 1838, a year after the great panic, at a time when steam navigation on the western rivers had reached immense proportions and fourteen years before Chicago had railroad connection with the East and ten years before the first rails were laid into the city of Chicago.

The great wave of immigration which between 1830 and 1848 added not far from two and a half millions to the population of the five States composing the old Northwest Territory, was made up almost wholly of men and women of American birth and ancestry. The sterile hillsides of New England, the worn out tobacco lands of Virginia, the cotton plantations of the Carolinas, and the more fertile valleys of the Middle States each contributed its quota to this army of homeseekers. The lure of cheap and productive lands was almost irresistible, and to this was added the great unrest caused by a dim perception of the titanic new forces, the measure of whose influence could not be foreseen.

The future of Chicago, as the emporium of a vast garden, was not overrated even by the wild speculators of 1835 and 1836. They failed only to note that time was necessary for development in the new age of steam as well as in the old days. Even the telegraph, first successfully used in 1844, and slowly developed for some years thereafter, while abridging time and space, was found to have limitations.

Competent authorities have estimated that the arrivals of immigrants in the United States from the close of the Revolutionary War in 1783 to the year 1790 did not exceed 4,000 annually, and that for the succeeding twenty years the number did not exceed 6,000 per annum, and that the total number of immigrants prior to September 30, 1819, was about 250,000. In no year prior to 1825 were there as many as 10,000; but in 1828 the number exceeded 20,000; in 1832 it exceeded 50,000; and in 1842, for the first time, it exceeded 100,000.

Improved facilities for crossing the Atlantic ocean afforded by new steamship lines about this time, the famine in Ireland, and the failure of numerous revolutionary movements on the continent of Europe, now stimulated the desire to emigrate, and in 1847, the arrivals of aliens for the first time exceeded 200,000. Further analysis of the Reports of the Immigration Commission shows that the total number of immigrants from the close of the Revolution to the 1st of January, 1848, was about 1,894,925 (2,344,220 to September 30, 1849), and that more of them came in the next eight years than had come in the preceding sixty-four years, the arrivals exceeding 400,000 for the first time in 1854. This was the advance guard of the mighty army of about thirty-two millions of immigrants which has taken possession of the United States of America since the State of Illinois was admitted to the Union. Few of them, however, except some Germans, had found their way to Chicago prior to the receipt of the first telegraphic message from Milwaukee, on the 15th of January, 1848. The "Garden City" was still an American town, and Illinois, with a population of 851,470 in 1850, and Wisconsin with 305,391 in 1850 were still American commonwealths.

Chronological Table—1843-1848

The Chicago branch of the State bank finally closed in.....	1843
The Chicago Hide & Leather Company was organized in.....	1843
The Chicago Daily Journal issued its first number April 22....	1844
Gem of the Prairie (afterwards merged with the Tribune, first issued May 20)	1844
First permanent public school building erected.....	1845
First newspaper printed in a foreign language, Chicago Volksfreund issued November 26.....	1845
First chair manufactory established.....	1845
First levy of special taxes for street improvements.....	1846
War with Mexico declared, May 11.....	1846
Chicago made a port of entry, July 16.....	1846
River and Harbor Convention held in Chicago, July 5.....	1847
First stove foundry (the Phoenix) established in.....	1846
County hospital opened March 30.....	1847
Rice's first theater opened June 28.....	1847
Chicago Tribune first issued July 10.....	1847
Weekly steamboat line to Sault Ste. Marie established in August	1847
The first oats were shipped by lake in.....	1847
The first insane asylum was built in.....	1847
The first law school was opened in.....	1847
McCormick's Reaper factory was opened in.....	1847
The first municipal building and market, erected in January...	1848
The first telegram received in Chicago (from Milwaukee), January 15	1848

Contract let for building first 32 miles of Galena and Chicago Union Railroad (the first 7 miles was let in fall in 1847), March	1848
The Board of Trade was formed March 13.....	1848
The first boat (General Fry) passed through the Illinois and Michigan Canal, April 10.....	1848
The canal was formally opened April 16.....	1848
The Illinois Staats Zeitung was first issued in April.....	1848
The South Western Plank Road (the first plank road in Illinois) was commenced in May.....	1848
The first ocean-going steamship (Propeller "Ireland") arrived in Chicago from Montreal June 27.....	1848
First United States Court opened in July.....	1848
First issue of Northwestern Journal of Homeopathy in October	1848
Congress made appropriation for Chicago Marine Hospital in..	1848
First locomotive ("The Pioneer") arrived by sailing vessel, October 10	1848
First wheat received in Chicago by rail November 20.....	1848
First car and locomotive works (afterward Scoville Iron Works) established in	1848
First telegraph office opened in	1848
First stock yards (near Ashland avenue and West Madison street) opened in.....	1848

CHAPTER IV

Beginning of the Board — The Voluntary Association — The Legal Organization

1848

THE year 1848 was full of historic events vital to the well-being of Chicago and intimately connected with its commercial life. The year was only fifteen days old when the first telegraphic message was received in Chicago. It came from Milwaukee to Col. J. J. Speed's telegraph office in the Saloon Building, corner of Lake and Clark streets.

Telegraphic communication with the east was not established until April 6th, when, the "Journal" says: "The first flash came through from Detroit this morning at 9 A. M. By the dispatches it will be seen we have dates from New York of yesterday at 2:30 o'clock."

On the first of March, 1848, as previously stated, the Galena and Chicago Union Railroad Company let a contract for grading and bridging twenty-five miles of their line, which, added to the seven miles already under contract, extended the grading of the road to Fox River. By the 21st of November, 1848, ten miles of railroad were finished, and freight traffic inaugurated as far as the Desplaines River. On the previous day an excursion train from Chicago had returned to the city carrying a wagon load of wheat, bought from a farmer at the end of the railroad by Mr. C. Walker, which was the first grain ever transported to Chicago by rail. Mr. J. Beecher bought some hides from the same farmer, and they also were brought in by the excursion train.

Still more important in a commercial sense was the completion, in April, 1848, of the Illinois and Michigan Canal, and the inauguration of traffic on this great artery of trade. "The main canal from Bridgeport to La Salle, not including the four miles of river from Bridgeport to Chicago harbor, was ninety-six miles in length, sixty feet wide at the surface, thirty-six feet at the bottom, and six feet deep. At this time, in fair weather, the waters of the lake were about eight feet below the summit of the canal." (Andreas, vol. 1, p. 171-2.)

The first canal boat to arrive in Chicago from Lockport was the "General Fry," towed by the propeller "A. Rossiter." It reached Chicago April 10th, 1848, and was received with cheers by the citizens. The canal was formally opened on the 16th, and the event was celebrated with great enthusiasm by the people of Chicago. A

few days later, the canal boat "General Thornton" arrived from La Salle with a load of sugar from New Orleans, en route to Buffalo. This initial shipment from New Orleans arrived in Buffalo two weeks ahead of consignments sent to the same destination via ocean steamship to New York, and thence by Hudson river and Erie Canal to Buffalo.

The opening of cheap transportation to and from the interior of Illinois was a great event in the history of Chicago, and marks the year 1848 as the beginning of a new era. The other great event of the year was the organization of the Board of Trade. The story of its "beginning" has been so well told by Elias Colbert, that no excuse is made for quoting from his valuable "Historical and Statistical Sketch of the Garden City." He says:

"Early in the year 1848, a time anterior to the introduction of the iron-horse, which now snorts over the broad and fertile prairies of Illinois—long before elevators of one million bushels capacity were even thought of—a time when the clearance of a lumber schooner from this port received a 'local' notice—when elevators used horses as a motive power, Thomas Richmond and W. L. Whiting discussed one afternoon the propriety of establishing a Board of Trade in Chicago. Mr. Richmond was then in the elevating business, and Mr. Whiting a grain broker—the first who pursued this avocation in Chicago. These gentlemen consulted with other business men, and the result of this consultation was an invitation (published at the time) for the merchants generally to meet together on the 13th of March, 1848, to take the initiatory steps in regard to the formation of the Chicago Board of Trade. The following is a copy of the call:

"Merchants and business men who are favorable to the establishment of a Board of Trade in this city, are requested to meet at the office of W. L. Whiting, on the 13th (March, 1848) at three o'clock P. M.

Wadsworth, Dyer & Chapin,	John H. Kinzie,
George Steele,	Norton, Walter & Co.,
I. H. Burch & Co.,	DeWolf & Co.,
Gurnee, Hayden & Co.,	Charles Walker,
H. H. Magie & Co.,	Thomas Richmond,
Neef & Church,	Thomas Hale,
Raymond, Gibbs & Co.	

"At this meeting nothing further was done than to pass resolutions stating that the growing trade of Chicago demanded the establishment of a Board of Trade. A constitution was then adopted and a committee appointed to draw up by-laws, to be submitted to an adjourned meeting to be held on the first Monday in April following, when they were adopted. All interested were invited to meet daily at the rooms of the Board over Gage & Haines' flour

store, on South Water street, which had been rented at \$110 per annum. George Smith was elected President, but declining to serve, Thomas Dyer was, at a later meeting, chosen in his stead. Charles Walker and John P. Chapin were chosen first and second vice-presidents, and G. S. Hubbard, E. S. Wadsworth, George Steele, Thomas Richmond, John Rogers, H. G. Loomis, George F. Foster, R. C. Bristol, J. H. Dunham, Thomas Dyer, G. A. Gibbs, John H. Kinzie, C. Beers, W. S. Gurnee, J. H. Reed, E. K. Rogers, I. H. Burch, A. H. Burley, John Y. Reed, W. B. Ogden, O. Lunt, Thomas Hale, E. H. Hadduck, I. V. Germain and L. P. Hilliard were appointed directors." (Colbert, p. 48.)

At the meeting on the first Monday of April, the Board was organized with 82 members whose names deserve to be remembered. They were: Gurdon S. Hubbard, E. S. Wadsworth, Matthew Laffin, George Smith, Orrington Lunt, Ira V. Germain, J. B. F. Russell, Theron Pardee, Thomas Dyer, D. Humphrey, H. J. Winslow, George F. Foster, John King, Jr., James H. Rochester, Isaac Hardy, Zenas Cobb, Jr., R. C. Bristoll, J. H. Dunham, A. V. G. DeWolf, Almond Walker, H. H. Harrison, William F. DeWolf, James Winn, J. H. Reed, James H. Carpenter, J. P. Hotchkiss, John High, Jr., S. L. Brown, J. R. Case, Joseph T. Ryerson, Andrew Blaikie, I. Whitcomb, George A. Gibbs, G. M. Higginson, Jared Gage, Sylvester Marsh, E. H. Hadduck, John P. Chapin, George Steele, J. H. Kinzie, John Rogers, Thomas Richmond, Thomas Hale, James Peck, George C. Drew, T. V. G. Loomis, B. W. Raymond, John W. Shoemaker, Albert Neeley, Joseph R. Beals, Amos G. Throop, John L. Marsh, E. K. Rogers, C. Beers, L. P. Hilliard, John C. Dodge, John Pearson, Thomas Thompson, W. S. Gurnee, Alexander Brand, Charles Walker, Allen Richmond, M. C. Stearns, O. Sherman, G. A. Robb, H. R. Payson, A. H. Burley, I. H. Burch, W. H. Clarke, J. C. Waltér, J. A. Smith, T. S. Morgan, W. L. Whiting, John S. Reed, Thomas B. Carter, T. L. Parker, F. A. Stockbridge, Julian S. Rumsey, C. L. Harmon, John C. Haines, William B. Ogden and Jabez B. Foster. (Andreas, vol. 1, p. 582.)

The "Journal" announced the arrival of the Chicago Board of Trade as follows:

"Board of Trade. The merchants of the city have formed a Board of Trade, and have opened an office on Water street for the purpose of the transaction of business on 'change. Tho's Dyer has been elected President, and a board of twenty-five directors are to pass upon all questions of difference between its members, in regard to commercial transactions. The hour for meeting each day is from 10 to 11 A. M. Members and strangers introduced by them, are alone admitted. The Members of the Press are voted Honorary Members of the Board. We look upon the establishment of the Board as one of practical utility, and one which will prove advantageous to all concerned. As such we shall hope to see it prosper,

and trust that those for whose interest it has been formed, will not lose all interest in regard to its continuance."

The same day the "Journal" in its Trade and Commerce column announced the following: The market is a trifle more active today, but produce comes forward very slowly. 75 to 78 cents for Spring, 80 to 82 for Winter may be given as quotations for what little wheat there is arriving. We hear of a sale of 5,000 bushels corn to arrive from the Illinois River in May, on private terms. 5,000 bushels wheat from store at 80 cents. Freights rule low, which has a tendency to keep up prices. (Chicago Daily Journal, April 21, 1848.)

"At the first meeting of the Board, Gurdon S. Hubbard, Sylvester Marsh and John Rogers were appointed Inspectors of Fish and Provisions, and John Rogers and James L. Hare, Inspectors of Flour. This was the first move ever made in the city toward securing uniformity in grades, or guaranteeing the quality of any of the merchantable products sold. As these officers had no legal authority to enforce an inspection, a committee of the Board was chosen to wait upon the City Council and ask the passage of an ordinance for the government of Inspectors, whereby their offices might be recognized under the Municipal law." (Andreas, vol. 1, p. 582.)

The Board of Trade as thus organized was a voluntary association of the business men of Chicago, numbering among its members representatives of every important business interest; and it promptly expressed, without undue modesty, the views of the organization upon all public questions affecting the welfare of the city and the region tributary to it. It had, however, no legal status as a corporation, nor was there any general statute of the State of Illinois under which such an organization as the Board of Trade could have been effected. But the high standing of the members of the Board, and their representative character, gave to its recommendations, resolutions and petitions an authority which, without this personal backing, they would have lacked.

In October, 1848, the first semi-annual meeting of the Board of Trade was held. The disordered condition of local finances, to which reference has been made, occupied the attention of the Board of Trade and a committee was appointed to submit a plan for the establishment of a general system of banking. A bill was submitted, which, after some discussion, and amendments, was adopted, and the committee authorized to take measures necessary for its passage through the legislature, and at the same time to procure a charter for the Board. (Colbert, p. 48.)

In the list of able men composing the Board of Trade, then and afterwards leaders in their respective lines of business, were: William B. Ogden, President of the Galena and Chicago Union Railroad Company, and later of the Chicago and Northwestern Railroad, and the first Mayor of Chicago; George Smith ("Scotch

George"), President of the Wisconsin Marine and Fire Insurance Company, who stood sponsor for a large part of the currency with which the commerce of Chicago was carried on; George Steele, pork packer and elevator proprietor; W. S. Gurnee, afterwards President of the Chicago and Milwaukee Railroad Company; Gurdon S. Hubbard, pork packer, warehouseman, and "oldest inhabitant" of the city; B. W. Raymond, third Mayor of the city, first President of the Elgin Watch Company; J. H. Dunham, merchant, first President of the Merchants Loan and Trust Company, and Geo. W. Dole, pioneer merchant.

The merchants of the city were prompt to avail themselves of the facilities for extending their trade afforded by the new waterway, and on the 1st of July, less than three months after the canal was opened, there were seventy boats registered and running on the canal between Chicago and La Salle. Before six months had passed the number increased to 138. (Journal, September 29, 1848.)

A daily line of packet boats for passenger travel between these termini, was established soon after the canal opened, and the traveling public were informed by the newspapers that these boats "are furnished in the most comfortable style possible." Twenty-eight passengers who traveled on one of these packets from Chicago to Peru, published a card in the "Journal" of August 15th, 1848, recommending it "as a fast, safe and commodious packet boat."

As the Board of Trade in its early years included representatives of all departments of commercial life, it is proper to note that on the morning of August 16th, 1848, there were in the port of Chicago two barges, twenty-seven brigs, sixty-seven schooners, six steamboats, six propellers, and thirty-two canal boats, crowding the main river so that it was almost impossible for any one of them to shift its position.

All records of the activities of the Board of Trade during its early years were destroyed by the Great Fire of 1871, and as the newspapers at first manifested little interest in the organization, and no annual reports were published until the report of the year 1858, available material for a complete history of the first ten years is not so abundant as might be desired.

In the summer of 1848 the "Journal" published a short review of the grain market, weekly, unless more important matter crowded it out, and from the first of September until the close of navigation, a daily review usually made its appearance.

For a number of years prior to the completion of the canal, wheat had been the chief article of export from Chicago, and it must have been a disappointment to the grain dealers of the Board of Trade that the opening of the canal caused so little increase in the movement of wheat to this port, and that most of it continued to arrive in farmers' wagons as it had done ever since northern Illinois farmers began to raise a surplus.

On the other hand, receipts of corn, which hitherto had barely sufficed for local consumption, showed an immediate and striking increase, as shown in the tables below.

Whether the apparent anomaly of a great increase in receipts of corn as a result of the completion of the canal, and practically no increase in the movement of wheat, was due to the fact that the latter was grown too far from the canal to make the use of that waterway practicable, or to the fact, that on account of its higher value it could stand the greater cost of transportation by farmers' wagons, it furnished a good illustration of the stubbornness and caprice with which the lines of trade and the course of market prices, laugh to scorn those theorists who ignore the controlling influence of factors which are to them invisible. Another illustration of this apparent caprice in trade routes was a falling off in receipts of hogs in 1848 as compared with the previous year. Theoretically there should have been a good increase as a result of the completion of the canal, and this was the general expectation. But the theory did not work out, and for a curious reason. The opening of the canal enabled towns on the Illinois River to get cheap salt for packing purposes, and almost every river town in the West engaged in the packing business, thereby curtailing the supply of hogs that Chicago had good reason to expect.

Although not strictly germane to Board of Trade history, it is worth remembering because of its bearing on the price of other foods, that in the summer of 1848, prairie chickens, three-quarters grown, were selling in Chicago at seventy-five cents a dozen; and on the prairies adjacent to the city a good hunter could bag fifty to eighty in a day. (Journal, July 19, 1848.)

No very reliable statistics of receipts of corn are available prior to 1852, but the shipments reported for 1848 are about eight times as large as in 1847, and for the first time this grain constitutes an appreciable part of the commerce of the city.

The trade in oats developed more slowly, and 1851 was the first year in which more than 200,000 bushels of oats were shipped from Chicago, the shipments of that year being 605,727 bushels against 158,084 in the previous year.

In the distribution of such heavy articles as lumber and salt the Illinois and Michigan Canal achieved an instant success. Examination of the tables will show the immense expansion of the lumber trade during the years immediately following the opening of the canal.

Sugar is another commodity in which a large trade developed, and the Journal of December 19th, 1848 (quoting from the official records of the canal), reported the amount of sugar cleared from La Salle during the season as 2,968,974 pounds.

The same authority gives the amount of salt cleared from Chicago during the year, for points on the canal, as 32,099 barrels, and the amount of general merchandise as 4,665,139 pounds.

The most reliable figures obtainable of the movement of produce in the years immediately following the organization of the Board of Trade are found in Elias Colbert's Historical and Statistical History of Chicago, published in 1868, and for their reproduction in this volume no apology is needed. They are in part as follows:

"The following were the shipments of flour by lake in the years 1848 to 1851; the shipments by wagon were very small; there were no railroads to carry produce east.

Year	Barrels
1848	45,200
1849	51,309
1850	100,871
1851	72,406

"Receipts and shipments of flour in barrels, and the quantity manufactured in the city mills for the years 1852 to 1857, inclusive, were:

Year	Received	Shipped	Manufactured
1852.....	124,316	61,196	70,978
1853.....	131,130	70,884	82,883
1854.....	234,575	111,627	66,590
1855.....	320,312	163,419	79,650
1856.....	410,989	265,389	86,068
1857.....	489,934	250,648	96,000

"The following were the shipments of wheat by lake from 1848 to 1851, inclusive:

Year	Bushels
1848	2,160,800
1849	1,936,264
1850	883,644
1851	437,660

"Receipts and shipments of wheat in bushels from 1852 to 1857, inclusive, were as follows:

Year	Receipts	Shipments
1852.....	937,496	635,496
1853.....	1,687,465	1,206,163
1854.....	3,038,955	2,306,925
1855.....	7,535,097	6,298,155
1856.....	8,767,760	8,364,420
1857.....	10,554,761	9,846,052

"Receipts and shipments of corn from 1848 to 1857, inclusive, were as follows:

Year	Receipts	Shipments
1848.....	Not reported	550,460
1849.....	Not reported	644,848
1850.....	Not reported	1,262,013
1851.....	Not reported	3,221,317
1852.....	2,991,011	2,757,011
1853.....	2,869,339	2,729,552
1854.....	7,490,753	6,626,054
1855.....	8,532,377	7,517,625
1856.....	11,888,398	11,129,668
1857.....	7,490,000	6,814,615

"Receipts and shipments of oats, in bushels, from 1848 to 1857, inclusive, were as follows:

Year	Receipts	Shipments
1848.....	Not reported	65,280
1849.....	Not reported	26,849
1850.....	Not reported	158,084
1851.....	Not reported	605,727
1852.....	2,089,941	2,030,317
1853.....	1,875,770	1,633,842
1854.....	4,194,385	3,229,987
1855.....	2,947,188	1,889,538
1856.....	2,919,987	1,014,637
1857.....	1,707,245	506,778

"Receipts and shipments of rye, in bushels, from 1852 to 1857, inclusive, were as follows:

Year	Receipts	Shipments
1852.....	Not reported	17,315
1853.....	86,162	82,162
1854.....	85,191	41,153
1855.....	68,166	19,318
1856.....	47,707	591
1857.....	87,711	.....

"Receipts and shipments of barley, in bushels, so far as known, from 1849 to 1857, inclusive, were as follows:

Year	Receipts	Shipments
1849.....	Not reported	31,453
1850.....	Not reported	22,872
1851.....	127,028	19,997
1852.....	Not reported	70,818

Year	Receipts	Shipments
1853.....	192,378	120,267
1854.....	201,764	148,411
1855.....	201,875	98,011
1856.....	128,457	19,051
1857.....	127,689	17,993

"Receipts and shipments of grass seeds, in pounds, so far as known, from 1855 to 1857, inclusive, were as follows:

Year	Receipts	Shipments
1855.....	3,024,238	2,484,031
1856.....	2,843,202	2,828,759
1857.....	2,466,973	1,537,948

"The following were the receipts of lumber from 1848 to 1857, inclusive:

Year	Number of Square Feet
1848	60,009,250
1849	73,259,553
1850	100,364,779
1851	125,056,437
1852	147,816,232
1853	202,101,098
1854	228,336,783
1855	306,553,467
1856	441,961,900
1857	459,639,000

"The following were the shipments of lumber by canal from 1848 to 1857, inclusive:

Year	No. of Sq. Ft.	Year	No. of Sq. Ft.
1848.....	14,425,357	1853.....	58,500,438
1849.....	26,882,000	1854.....	68,272,199
1850.....	38,687,528	1855.....	82,641,925
1851.....	56,845,027	1856.....	81,181,006
1852.....	52,510,051	1857.....	82,427,643

"The following table gives the receipts and shipments of hogs with the number packed in a series of years:

Year	Received	Shipped	Packed
1851-2.....	.....	.....	22,036
1852-3.....	65,158	.....	48,156
1853-4.....	73,980	.....	52,849
1854-5.....	138,515	54,156	73,694
1855-6.....	308,539	170,881	80,380
1856-7.....	220,702	103,074	74,000
1857-8.....	214,223	88,546	99,262

The statistics of the provision trade prior to 1851 are said by Andreas (Vol. 1, p. 559) to have been not sufficiently full or reliable to admit of tabulation. So large a part of the receipts of cattle were driven in on foot that no attempt was made to enumerate them.

The first regular stock yards was established in 1848 on West Madison street near the corner of Ashland avenue, and was known as "Bull's Head." The trade soon outgrew the accommodations at this place, and in 1856 John B. Sherman laid out about thirty acres of the Myrick property on the lake shore north of 31st street, which he had leased and which had been used already as a stock yard. Accommodations were provided for 5,000 cattle and 30,000 hogs. "Sherman's Yards," situated on the line of the Illinois Central and Michigan Central railroads, and accessible over the Illinois Central Crossing to all other railroads running into the city, soon took all the trade away from Bull's Head.

Prior to 1848 all the grain arriving in Chicago had been stored either in ordinary warehouses in bags, or in bulk, in such small elevators, as Newberry and Dole's, Peck's, Wheeler's, Walker's or others where it was elevated by man power, or horse power. The first elevator in which steam power was used was built of brick and completed in September, 1848, by Capt. R. C. Bristol, and had a capacity of 80,000 bushels.

In June, 1848, the British steamship "Ireland" made its appearance in the Chicago River, and the "Chicago Democrat" of June 27th says, "Chicago is at length in direct communication with the Atlantic Ocean * * * goods can now be shipped from Chicago to Liverpool without transshipment."

Plank Roads

The canal completed and in successful operation, and the Galena and Chicago Union Railroad under contract as far as the Fox River, the enterprising men of the city began a system of plank roads to keep communication open between Chicago and the interior at all seasons of the year. Indeed, there were many who believed that money invested in plank roads would bring greater benefit to the city than the same amount used in the building of railroads, and this was true so far as immediate results were concerned. It is said that 70,000 teams came into the city in 1847, an average of nearly 200 a day, including Sundays. When it is considered that during a considerable portion of the year the roads between Chicago and the high grounds upon which Oak Park and La Grange now stand were almost impassable, the gathering of farmers' wagons in the streets of Chicago when the roads were good and farm work was not pressing, must have been an impressive spectacle.

The first plank road in the State of Illinois upon which work was commenced was the Southwestern Plank Road. It was begun in May, 1848, completed from Chicago to Lyons on the Desplaines

River in March, 1849, and to Brush Hill (16 miles), or near it, the following winter. Later it was extended under the name of the Naperville and Oswego Plank Road. The Northwestern Plank Road, organized a little later than the Southwestern, was finished to Desplaines in 1849, and to Wheeling in 1850.

A meeting of the Board of Trade was held on the 16th of December, 1848, to hear the report of a committee appointed at the semi-annual meeting to prepare a plan for a general banking law. The attendance does not appear to have been general, and the meeting was adjourned to the 19th, and the secretary in his advertisement of the adjourned meeting called attention to the following by-law (Section 11), which he says is as follows:

"Members failing to attend the stated or special meetings of the board, shall forfeit and pay for the use of the board, fifty cents for each absence unless excused by the board."

At this adjourned meeting the Board of Trade approved the proposed General Banking Law recommended by the committee. The legislature, however, failed to enact the desired measure and the angry discussion continued.

It seems almost incredible now that the proposed banking law advocated by the Board of Trade should have met such violent and unscrupulous opposition. Unfortunately, opposition to banks had become the shibboleth of one of the political parties, and farmers as a class lent a willing ear to the misrepresentations so industriously circulated by certain newspapers. The State of Illinois (and several others) had passed through a disgraceful experience as a result of the State banks. But all its troubles were due to unsound methods, and did not in any way reflect discredit upon banks, as such. The following gem from the "Chicago Democrat" of February 19th, 1849, illustrates the perversion of intellect which is possible when political prejudice is allowed to usurp the place of reason. The editor says, "the people who are interested in getting up this bank are produce speculators. Their object is to obtain the farmers' produce on trust, charging him from 12 to 15 per cent for the credit he has extended to them. Besides this 12 to 15 per cent which they will make, they expect to realize also a handsome profit on the produce in the way of legitimate trade. And as they own and control vessels on the lakes, and command freight, they have every means of regulating the markets to suit themselves. Besides having the control of the money market in Chicago, they can raise or depress the prices of all articles of farmers' produce at their will and pleasure. Thus, by giving bankers the power of making the money which is to pass current in the community, you * * * in fact give them far greater privileges and powers than the most arbitrary monarch of the earth possesses. They can at will, by the stroke of a pen, say how much the farmer shall get for his produce; how much the mechanic shall get for his wages," etc., etc.

A large crop of wheat was raised in the State of Illinois in 1848, and the price which had been eighty cents to one dollar per bushel for winter wheat in the early part of the year, and about ten cents less for spring wheat, declined under the good crop prospect until, in the early part of August, winter wheat was quoted as low as sixty to sixty-five cents, spring wheat, fifty-five to fifty-six cents per bushel, and as usual, everybody predicted still lower prices in the autumn. The "Beardstown (Illinois) Gazette" said, "It is now certain that unless a foreign demand is created by some unforeseen cause, the price of wheat will be low during the year." ("Chicago Journal," July 11, 1848.)

Some time in July unfavorable weather set in, wheat in the northern part of the state was damaged by rust, and in the latter part of August prices advanced until winter wheat again touched one dollar a bushel in the early part of September. This extreme price, however, was due to anxiety on the part of shippers to complete cargoes, the capacity of vessels in the Chicago River at this time awaiting grain being stated as 700,000 bushels.

When this urgent demand was satisfied wheat again declined and on the 30th of December, spring wheat was quoted at fifty-five to fifty-eight cents per bushel, and winter wheat sixty-two to seventy-five cents.

Although the movement of corn was so much in excess of any former year, and prices fluctuated in sympathy with wheat, the range during most of the year was between twenty-five and forty cents per bushel, closing at twenty-five to twenty-eight cents on the last business day of the year. On the 2nd of September corn was quoted at thirty-seven to thirty-eight cents, "at which price contracts have been made to deliver within a short time," it was announced.

In the early years of its existence the Board of Trade was in no sense an exchange. There was no public market where buyers and sellers met, and where buyers competed for the offerings. Grain was bought from farmers' wagons, or from farmers or grain dealers in the country, who shipped it to Chicago by canal boat. Even in the first year of the board's existence there is evidence that sales were made "to arrive," or in other words, "for future delivery." One sale of corn to arrive in the following month has been quoted from the "Chicago Daily Journal" of April 21, 1848, just after the organization of the Board of Trade. Several sales of corn "to arrive" were made in May, and in the following September it is said that "what (corn) arrives is principally on contracts."

It is a tradition on the Board of Trade that speculation in "futures" began during the Civil War and undoubtedly it was not a great factor in the grain trade prior to that time. But every merchant is of necessity a speculator to some extent, although the frequent fluctuations in the grain market caused by favorable or unfav-

favorable seasons make the speculation more apparent in these products of the soil than in the manufactured goods usually carried by drygoods merchants. Every one of the grain dealers in the early days was forced to become a speculator whenever he bought a wagon load of grain from a farmer, or sold a cargo to be shipped by lake. As there were no transatlantic cables, information as to foreign markets reached America only upon the arrival of steamships from Great Britain, sometimes many days apart. Important events, seriously affecting the price of grain in foreign markets sometimes occurred in the interval between the sailing of steamers for America, and early telegraphic information from New York, or Boston, of the steamer's market news, occasionally enabled the fortunate or enterprising speculator in Chicago to reap a handsome profit. One instance of this is thus described in the "Democrat" of September 12, 1848:

"A lucky dog who happened to receive a slip by telegraph last week, and who had long been watching his turn of the wheel, started for the docks, like a fresh hound from the leash, seeking among the holders of Illinois wheat, whom he might make a meal of. He soon came across his man, and immediately struck a bargain for a cargo at eighty cents per bushel, the seller chuckling over his trade. In less than fifteen minutes, however, the market rose to eighty-five, and the fortunate possessor of the news by the last flash pocketed the cool five hundred."

Because there was no system of inspection in the early years of the Board of Trade and no standard of grades, much of the grain bought by Chicago grain merchants was shipped to Buffalo, Oswego or New York, for sale for their account, although there were frequent sales reported of a cargo "free on board," at prices several cents above the market for single loads from farmers' wagons. The absence of a public speculative market, and the long interval between the advices by steamer from European markets, compelled grain merchants to do business on wide margins, at all times, and especially during the portion of the year when navigation was closed. For nearly half the year, from December to May, the Chicago grain buyer had no possible way of "hedging" and was forced to carry his purchases until spring and take the chances of the market several months away. Only one thing was certain, interest, insurance and storage would add several cents a bushel to the cost of his grain before he would have an opportunity to dispose of it.

Transportation

At the opening of navigation in 1848, eight or ten cents per bushel on wheat from Chicago to Buffalo was the ruling rate. Other quotations were:

April 24th, wheat to Buffalo, six cents.

April 25th, wheat to Buffalo, five cents.

May 4th, wheat to Buffalo, three cents.

June 10th, wheat to Buffalo, five cents.

The first report from Buffalo for the season of 1848, on the 29th of April, quotes canal freights on flour seventy-five cents to New York, and sixty-five cents to Albany, and on the 2nd of May eighteen cents on wheat to Albany and fifteen cents on corn were the rates. On the 17th Buffalo telegrams quoted fourteen to fifteen cents on wheat to Albany. On June 15 Buffalo telegrams quoted twelve and one-half cents on wheat to Albany. On June 26 Buffalo telegrams quoted fourteen and one-half cents on wheat to Albany.

Neither lake freights to Buffalo nor canal freights eastward from Buffalo were considered of sufficient interest to be regularly quoted in the late summer of 1848. A few rates are given in the daily press, from which it appears that four cents per bushel was paid on wheat from Chicago to Buffalo (August 28th). six cents was paid September 11th, seven and one-half cents on the 16th, and on the 23rd nine cents was paid on corn to Buffalo, equivalent to ten cents on wheat; ten to twelve cents was paid on the 29th of September, nine cents on the 30th of October, and six cents on the 2nd of November.

On the 19th of September freights on the Erie Canal were quoted sixty-two cents per barrel on flour and seventeen cents per bushel on wheat to Albany. They advanced to seventy cents on flour and nineteen cents on wheat on the 9th of October, and were quoted later as follows: October 16th, sixty-two to sixty-five cents on flour to Albany, eighteen cents on wheat to Albany.

The freight on a barrel of flour from St. Louis to New York, via Chicago, in the summer of 1848, was as follows:

On the Illinois River.....	\$0.18
On the Illinois and Michigan Canal.....	.25
On the lakes, Chicago to Buffalo.....	.35
On the Erie Canal .....	.60
On the Hudson River .....	.10
Total	\$1.48 per barrel

The time from St. Louis to the seaboard was:

	Days
From St. Louis to La Salle.....	3½
On the canal to Chicago.....	2
On the lakes to Buffalo, say.....	6
On the Erie Canal and Hudson River.....	9
Total	20½

In its weekly review of the market on March 3, 1849, the "Journal" published a statement of wheat and flour in store in Chi-

cago on the 1st of March, which is interesting chiefly because it shows the storage facilities then existing in the city. It is as follows:

	Bu. Wheat	Bbls. Flour
E. H. Haddock	114,500	4,900
Raymond Gibbs & Co.....	65,000	1,700
J. P. Chapin & Co.....	55,500	700
R. C. Bristol	50,000	200
O. Lunt	48,000	....
Neely, Lawrence & Co.....	40,500	2,500
Dole, Rumsey & Co.....	40,000	2,300
C. & A. Walker	35,000	200
Richmond & Co.	26,000	200
I. V. Germain	26,000	....
James Peck & Co.....	23,000	....
DeWolf & Bro.	21,000	50
J. D. Ely & Co.	20,000	200
Richmond & King	18,500	300
J. H. Rochester	16,500	....
H. Norton & Co.....	13,000	4,100
J. H. Kinzie	5,000	450
T. Hale	1,000	200
Total	618,500	18,000

The quantity of wheat in store in Chicago on the 1st of March for each of the previous four years is given in this statement, as follows:

	Bushels
March 1, 1845.....	260,000
March 1, 1846.....	682,133
March 1, 1847.....	643,000
March 1, 1848.....	330,000

Prices of wheat at the opening of navigation, with freights to Buffalo, are given as follows:

	Price of Wheat	Freights to Buffalo
1845.....	72c	6 @ 7c
1846.....	78c	15 @ 16c
1847.....	75@78c	12½ @ 18c
1848.....	65@68c	8 @ 9c

The importance of Milwaukee at this time as a competitor of Chicago for the western grain trade is shown by a statement in the "Journal" of April 7th, that the amount of wheat in store in that city was 440,000 bushels. Southport (Kenosha) had 360,000 bushels, and Racine 290,000 bushels awaiting the opening of navigation.

1849

A flood in the early part of March, 1849, swept away the bridges and caused great damage to shipping in the river, and the Board of Trade appointed a committee to draft resolutions upon the necessity of facilitating a more extended intercourse between the city and the surrounding country.

The following account of this memorable disaster appeared in the "Journal" of March 12, 1849:

"Seldom have we witnessed such destruction of property as that caused by the breaking up of the ice in the river this morning. At about 10 o'clock the mass of ice in the south branch gave way, carrying away with it the bridges at Madison, Randolph and Wells streets—in fact, sweeping off every bridge over the Chicago river, and also many of the wharves. There were in port four steamboats, six propellers, twenty-four brigs, fifty-eight schooners, two sloops, and fifty-seven canal boats, many of which have been either totally destroyed or damaged seriously. The moving mass of ice, canal boats, propellers and vessels, was stopped at the foot of Clark street, but withstood the pressure but a moment—crashing vessels and falling spars soon giving note of the ruin that was to follow. A short distance below, the river was again choked opposite Kinzie's warehouse. Here the scene was most indescribable. Vessels, propellers and steamers were thrown together in the utmost confusion, forming a dam across the river which backed the water to an unprecedented height. At this point, at 11:30 a. m., they still remain, in all twenty-eight vessels; two propellers, the Ontario and General Taylor; two steamboats, the Ward and Pacific. The C. J. Richmond, Whirlwind, Diamond, Benton, etc., and all more or less injured, the propeller Ontario very badly. There are also a large number of canal boats sunk at this point."

A long list of the vessels involved followed, filling something like a column of the paper. The damage was conservatively estimated at \$108,000, a large sum in those days for a small community, when money was not plentiful and credit for reconstruction not readily available. The loss was distributed as follows: Damage to the city, bridges, etc., \$15,000; ten vessels damaged, say \$5,000 each; \$50,000; ten vessels damaged, say \$800 each, \$8,000; twenty canal boats lost, at \$1,500 each, \$30,000; damage to wharves, non-enumerated boats, etc., \$5,000. The damage to the steamers Ward and Pacific alone was estimated by Captain Clement at from \$10,000 to \$15,000. Some of the bridges were found a few days afterwards stranded on the lake shore about eight miles below the mouth of the river. The indomitable spirit of the community, however, faced the situation bravely and the Board of Trade, despite the fact that many of its members were among the heaviest losers, took a prominent and generous part in the reconstruction work that followed.

The tolls per mile, on each 1,000 pounds, upon the Illinois and Michigan Canal for 1849, upon certain articles, were as follows, viz:

	Mills
Wheat	5
Corn	3
Oats	3
Pork	6
Beef	6
Domestic animals	10
Bacon	6
Barley	5
Cotton in bales.....	10
Coal	1
Flour	5
Hides	10
Hay and Fodder	5
Lead, pigs and bars.....	1
Drygoods, groceries, hardware, cutlery, crockery, etc..	12
Nails	8
Paper	12
Salt	4
Sugar	10
Whisky and highwines.....	10

On each passenger eight years old and upwards 4 mills per mile. Sixty pounds of baggage was carried free for each passenger paying full fare.

The "Journal" of March 3, 1849, quotes from the "Cincinnati Advertiser" the following estimate of hogs packed in the West in the two previous years:

	Season 1847-48	Season 1848-49
Valley of the Missouri.....	43,000	55,000
Valley of the Mississippi.....	212,500	190,000
Valley of the Illinois, including Chicago.....	147,681	122,500
Valley of the Wabash and White rivers.....	191,641	135,000
Valley of the Lower Ohio.....	227,200	255,168
Valley of the Middle Ohio, including Miami Valley	590,186	499,700
Valley of the Upper Ohio, including Scioto Valley and Wheeling, Va.....	85,000	120,009
State of Tennessee	100,000	60,000
Total	1,597,208	1,437,377

Lafayette, Ind., was a large packing center at this time, but the estimate of \$1,858,935 as the value of its packing house products in the previous year, which the "Journal" of February 10, 1849, credits to the Wabash "Atlas," seems excessive.

The "Journal" of March 28, 1849, copies from the St. Louis "New Era" an article which sets forth the alleged advantages to Chicago shippers of the St. Louis wheat market over the Buffalo market, as a place for the sale of the large stocks then on hand in Chicago, "and the many flourishing towns along the line of the Illinois and Michigan Canal." While no direct comparison is drawn between Chicago and St. Louis, it is obvious that if the latter city was a better market than Buffalo for Chicago wheat it would be far better for the shipper on the line of the canal and the Illinois river to send his wheat to the Missouri city direct rather than ship it to Chicago to be re-shipped from there to St. Louis. Probably the object of the writer was to divert some of the canal and Illinois river shipments from Chicago. The "Journal" refutes the long argument by pointing to the fact that "during the past season cargoes of wheat were bought in St. Louis and shipped to Buffalo via Chicago," sufficient proof that the eastern markets were best.

Nevertheless, in the spring of 1850, before the opening of lake navigation, there was a considerable movement of wheat and flour from Chicago to St. Louis via the canal and Illinois River. Even after the straits of Mackinaw were open the southern demand continued, and nearly 100,000 bushels of wheat and more than 30,000 barrels of flour, some of which came from Wisconsin lake ports, went down the canal to St. Louis before the normal eastward movement of wheat and flour was resumed. Indeed, considerable Michigan wheat passed through Chicago en route to St. Louis via the canal, and a small quantity from Buffalo, according to the report of the canal trustees. ("Journal," January 25, 1851.)

Much was done during the year 1849 to increase the facilities for commerce along the river front. A dock was built on the south side of the river at the foot of La Salle street; another between La Salle and Wells streets; and the Galena and Chicago Union Railroad built a dock 160 feet long on the west side of the North Branch opposite their passenger station. The river was widened in places where great inconvenience had been caused by the narrow channel; Mason and Morley built a stone flouring mill sixty feet square and four stories high, near the G. & C. U. R. R. station, and Ogden & Jones, a large brick warehouse on the South Branch.

The first annual meeting of the Board of Trade was held on the 2nd of April, 1849, and the following officers were elected, viz: President, Thomas Dyer (re-elected).

Vice-Presidents, J. P. Chapin and Charles Walker.

Mr. Whiting declined to act as secretary, and John C. Dodge was elected in his stead.

Recognizing the necessity of securing telegraphic reports from eastern markets, a committee was appointed to confer with officials of the telegraph companies for this purpose.

All members of the board were requested to attend the daily meetings on 'Change, and the hour for meeting was fixed at 9 o'clock a. m.

No change was made in the voluntary character of the board at this meeting, but it was resolved that copies of the act of the legislature, passed February 8, 1849, authorizing the incorporation of Boards of Trade and Chambers of Commerce, be procured for the information of members of the association.

The condition of the streets of the city at this time may be inferred from the numerous newspaper references to their impassable character, of which the following from the "Journal" of April 10, 1849, is a specimen:

"Lake and Randolph (streets) are staked out with guide boards and finger posts, so that there is no danger of disappearing without full warning beforehand. * * * A post set on its edge has a placard upon it with the information, 'No drug-store below this.' Another post is surrounded with several hats, a pair of boots, feet uppermost, an umbrella and other articles appertaining to this life, with the inscription:

"As I am, you may be,
Taking this road, you'll follow me, etc."

South Water street had begun to show improvement before this time. As early as the 4th of September, 1848, the "Journal" said, under the head of "Water Street," "This great rendezvous for the wheat buyers and sellers is rapidly improving. It was formerly an elongated trench, filled to a depth unsounded with a compound of most doubtful consistency, and lined on both sides with a few honorable exceptions, with as rickety a row of tumble-down tenements as ever groaned under a northwester. * * * But a great change has been wrought—the street is actually becoming fathomable. Brick blocks of stores and offices have taken the place of many monuments of human endurance—new storehouses have been built, old ones enlarged and improved—and it will ere long be rendered worthy of the great wheat market of the great Northwest."

Lake street was not improved until the summer of 1849, a paragraph in the "Journal" on June 20th of that year conveying the cheerful intelligence that "they have broken ground on Lake street, preparatory to making a bottom, where in wet weather none has ever been found."

In April, 1849, the Michigan Central Railroad was finished to New Buffalo, and on the 23rd cars began running from Detroit to that point, where close connections were made with steamboats for

Chicago. Passengers leaving Detroit at 7 a. m. arrived in Chicago at midnight.

On the 16th of May the board of trustees of the Illinois and Michigan Canal, upon representations made by the St. Louis Chamber of Commerce, and endorsed by the Board of Trade of Chicago, adopted an order allowing a drawback of 50 per cent in the canal tolls upon the following named articles "which may be transported from the Mississippi River to the Hudson River, via the Illinois and Michigan Canal, to wit: Beef, pork, bacon, lard, flour, tallow, wool, Tobacco, hemp, beeswax, furs and peltries (including buffalo robes)," and also upon certain specified articles when shipped from the Hudson River to the Mississippi River, via the Illinois and Michigan Canal.

The Illinois and Michigan Canal, the Wabash and Erie Canal and the Ohio State canals also petitioned the New York Canal Board to make corresponding reductions in the rates of toll on the Erie Canal, and this request was complied with. Upon certain specified articles originating at the Mississippi River and destined to the Hudson River, via the Illinois and Michigan Canal, a drawback of 50 per cent of the Erie Canal rates was ordered by the canal board, and on certain specified articles originating at the Hudson River and destined to the Mississippi by the same route, a drawback was conceded of 25 per cent. (Report of Wm. H. Swift, president of Illinois and Michigan Canal Board. See "Journal," March 12, 1850.)

On the 15th of June, 1849, adhesive stamps for the prepayment of postage were for the first time advertised for sale in Chicago.

A census of the city was taken during the summer of 1849 by Hathaway and Taylor, who reported the population 22,850.

In the summer and autumn of 1849, Mr. Charles Walker built a grain storehouse at Babcock's Grove, twenty-one miles from the city on the Galena and Chicago Union Railroad. Babcock's Grove (Lombard) was then the western terminus of the road, and this warehouse was the first one built by a Chicago grain dealer on any western railroad.

The following item from the "St. Louis Valley Farmer," quoted in the Chicago "Journal" of September 5, 1849, shows that the Illinois and Michigan Canal had become the popular route from St. Louis to the East. "The route via the lakes and Illinois River is the only one that can be depended upon at this time by those having shipments to make, or an intention to travel east. Freight has been received through that way in twelve days, while on the Ohio River route thirty or forty days are often required to get freight through. From all accounts, the line from Chicago to Buffalo is managed in a superior manner."

A serious epidemic of cholera afflicted the people of Chicago in the summer of 1849, and the alarm was so great that business with the country was curtailed during the six or eight weeks that the

plague prevailed. The greatest number of deaths in a single day was on the first of August, when thirty persons died of the dread scourge.

In the latter part of August a committee of the Board of Trade waited upon the Common Council to urge the necessity of immediately dredging and improving the harbor. Charles Walker, chairman of the committee, recommended that bonds of the city to an amount not exceeding \$1,000.00 be issued, payable in five or six years, and expressed the opinion that the general government would refund any reasonable outlay which might be made for the improvement of the harbor.

Acting upon this suggestion of the Board of Trade, the Common Council made an appropriation of \$1,000.00 in bonds bearing ten per cent interest, and payable in five years. These bonds were entrusted to the officers of the Board and a committee was appointed to dispose of them to the best advantage, and to oversee the expenditure of the funds resulting from their sale.

South Water Street, in the vicinity of the Board of Trade, and Market Street, were the places to which farmers drove their loads of wheat, and where buyers congregated like "bees in a clover field," as one poetically inclined reporter describes the scene.

The Galena and Chicago Union Railroad, although in operation only 21 miles, brought into the city during the week ending September 8, 1849, about 25,000 bushels of wheat out of a total of 80,000 received from all sources.

The first shipment of Lehigh coal via the lakes, the Illinois and Michigan Canal and the Illinois River, reached St. Louis in the autumn of 1849, and the St. Louis "Republican's" announcement of its arrival is quoted in the Chicago "Journal" of November 14.

On the 21st of November, 1849, the schooner *Diamond* cleared from Chicago for Havana. At some Illinois River point she was to load a cargo of corn for New Orleans, and then proceed to her destination. Her masts were stowed away, and everything made snug for her trip across the prairies of Illinois. The "*Diamond*" was of "100 tons burthen," and her trip to the West Indies was recognized as an experiment.

In the autumn of 1849 an attempt was made to injure the credit of the Wisconsin Marine and Fire Insurance Company, whose certificates of deposit, issued without legal authority, but with the moral backing of "Scotch George" Smith, furnished a considerable part of the currency in which the business of Chicago and the surrounding country was transacted. At St. Louis the excitement was great, and the holders of certificates were in a panic until they found that the certificates were redeemed as fast as presented, at a trifling discount, barely sufficient to pay the cost of exchange between St. Louis, and Milwaukee, the place of issue and redemption.

Although the following figures of shipments, published in the

"Journal" of December 7, 1849, differ slightly from those in Colbert's History, they are given here without comment.

	1849	1848
Wheat, bushels	1,940,058	1,680,855
Flour, barrels	50,812	26,970
Corn, bushels	666,432	330,741
Beef and Pork, barrels.....	68,799	59,200

The editor adds, "The above shows a gratifying increase in the business of Chicago during the season, notwithstanding the adverse state of things incident to the appearance of the cholera in our city the past summer."

"The following is a comparative table of the shipments of some of the leading articles (by canal):

	1849	1848
Lumber, square feet	25,773,000	14,419,747
Merchandise, pounds.....	8,322,677	4,665,139
Salt, barrels	56,388	32,099

"Number of passengers carried in 1849, 31,100."

A few days later (December 28) a statement is published showing the total amount of canal tolls for the first two seasons. It is as follows:

	1849	1848
Chicago	\$ 70,170.66	\$52,077.46
La Salle	38,187.38	35,813.43
Lockport	5,651.98	New office
Ottawa	4,839.27	New office
Total	\$118,849.29	\$87,890.89

The Galena and Chicago Union Railroad was completed to the Fox River, and an excursion from Chicago to St. Charles on the 15th of December took part in a celebration at the latter town.

Telegraphic market reports from St. Louis, New York, Buffalo and other American points appear frequently, but not daily, in the Chicago papers in the latter part of 1849; but news from the English markets comes only upon arrival of the steamers at Halifax, and is about two weeks old when it reaches Chicago, and there is an interval of a week or ten days between steamers.

The early part of the growing season of 1849 was cold and wet. Corn rotted in the ground and required replanting ("Journal," June 2nd). Coal fires were comfortable as late as the 13th of June. But about the middle of June conditions changed completely. The outlook for the wheat crop, which had been very promising, was impaired by rust. Much of the crop in Ohio, Indiana, portions of Illinois and Wisconsin, was destroyed, while Michigan and New

York reported good yields. The European wheat crops were good and the demand from abroad was not urgent.

During the first three months of the year, weekly reports of the market were published in the "Journal" with considerable regularity. Then for a number of weeks there were no quotations, the flood in the Chicago River, a serious break in the canal, and impassable roads causing complete stagnation in the grain trade of the city. From the early part of May until the close of navigation in December, some report of the market appeared nearly every day, although the stereotyped phrases "no sales were reported" and "quotations are unchanged" were used more frequently than any others.

In default of standard grades for comparison, the reports of sales give at best an imperfect view of the fluctuations in the grain market. In a general way it is evident that the market during the first half of the year showed little change from the quotations of January 6, 1849, which were 50@60c for spring wheat and 60@70c for winter wheat. There were occasional sales below and above these figures, but on the 9th of July spring wheat was quoted 50@56c, and winter wheat 65@70c. The damage caused by rust brought about an advance, especially for choice samples of winter which sold as high as 95c "to arrive" on the 25th of August. Spring wheat sold as high as 79c a few days later. The markets then declined and the closing quotations of the year 1849 are: Spring wheat, 50@52c; winter wheat, 60@70c.

Lake freights were high, thirteen cents being asked on wheat to Buffalo at the opening of navigation; but this rate could not be maintained, and during most of the season vessel owners accepted five to six cents on wheat, and a cent less on corn, to Buffalo. As the close of navigation approached, higher rates were paid.

The market for coarse grains showed independent strength during the greater part of the year. Corn advanced steadily from 23@25c per bushel in January to 40c in July, and 47@48c in August, after which it declined, and the last quotation of the year was 28c per bushel, probably for new corn.

Oats which were quoted 17@18c per bushel in the early part of January, advanced to 25c in March, and this was the price of oats of average quality until the movement of the new crop in the early autumn caused a decline to 22@23c, which were the closing quotations of the year.

Packers paid \$2.25@3.50 for the hogs they slaughtered in January and February, 1849, but the next packing season opened in November at a lower range of prices, and the last quotation of the year is \$2.25@3.12½ per hundred pounds on the 28th of December. In addition to the competition of Cincinnati, Louisville, St. Louis and Lafayette, which Chicago packers always had to meet, small towns on the Illinois and Mississippi Rivers again made prep-

arations to pack, among them Peru, Lacon, Peoria, Pekin, Copperas Creek, Beardstown, Naples, Quincy and Muscatine. Madison and Vincennes, Indiana and Milwaukee also were in the field.

A statement of the business of the Illinois and Michigan Canal for the years 1848 and 1849 was prepared by William H. Swift, president of the canal board, and published in the daily press. The following table shows (in part) the increasing trade over the waterway:

	1848	1849
Pork, barrels	3,428	9,098
Salt, barrels	32,656	58,853
Sugar, pounds	3,912,122	4,218,298
Merchandise, pounds	4,948,000	9,276,940
Wheat, bushels	454,111	579,598
Corn, bushels	516,230	754,288
Coal, tons	5,416	7,519
Lumber, square feet	15,425,357	26,882,000

The amount of tolls received in 1849 was, according to the copy of President Swift's report as published in the "Journal":

At Chicago	\$ 96,757.56
At Lockport	5,638.35
At Ottawa	4,831.62
At La Salle	38,145.19
Total	<u>\$148,375.72</u>

(Chicago "Journal," March 12, 1850.) Evidently the printer has transposed the first two figures of the Chicago tolls, which should be 69 instead of 96, and the total, probably, \$118,375.72.

The rapid development of the Chicago-owned lake marine is shown in the report of the Secretary of the Treasury on Commerce and Navigation for 1849. The tonnage registered in the principal lake districts for 1849 and the two previous years, was as follows:

Districts	1847	1848	1849
Buffalo, tons	35,413.01	42,623.73	40,667.64
Detroit, tons	27,164.79	25,850.20	33,466.94
Cuyahoga (Cleveland), tons..	25,493.72	30,403.31	30,047.11
Chicago, tons	3,951.56	10,488.62	17,382.43

In two years Chicago tonnage had quadrupled, while Detroit had increased less than 25 per cent. ("Journal," June 5, 1850.)

The Legal Organization

Early in the winter of 1849-50, Senator Stephen A. Douglas of Illinois introduced in the Senate of the United States a bill to aid the construction of the Illinois Central Railroad from the junction of the

Ohio and Mississippi Rivers to La Salle, with a branch to Chicago, and a branch to Galena, and granting to the State of Illinois for this purpose "every alternate section of land, designated by even numbers for six sections in width on each side of said road and branches." It passed the Senate May 2nd, 1850, and the House of Representatives September 20th, John Wentworth and ex-Governor Bissell being entitled to great credit for pushing it through the lower house of Congress.

1850

Early in the year 1850 the announcement was made that the Canadian government had adopted the American standard of 2,000 pounds for a ton weight, and had substituted the American decimal currency for the English pounds, shillings and pence.

On the 22nd of January, 1850, cars began running on the Galena and Chicago Union Railroad from Chicago to Elgin, and on the 1st of February the event was duly celebrated in the latter city, a large delegation from Chicago taking part in the exercises.

An important step in the extension of the telegraph lines was thus announced in the advertising columns of the local newspapers January 30, 1850. "O'Reilly's Ohio, Indiana and Illinois Telegraph connecting directly Chicago, Toledo and Cincinnati, and intermediate points via the Wabash and Miami Valleys, is now completed and ready for business, affording the commercial men and others of Chicago new and increased facilities for telegraphing. Communications for the East and South to any point in the United States and Canada will be received and transmitted and every exertion made to secure promptness and render satisfaction." O'Reilly's Eastern Line was transmitting telegraphic messages from Washington, D. C., to Chicago as early as March 26, 1850, and shortly thereafter the local daily press was receiving by wire a brief summary of the proceedings of Congress.

Free navigation of the St. Lawrence River had long been desired by the people of the northwest, and the Board of Trade took the lead in advocating this measure. Both the Senators from Illinois urged action by Congress, and although they were unsuccessful, the Board of Trade thanked them for the persevering manner in which they had endeavored to further this great project.

The formation of bars in the Illinois River had seriously interfered with the business of the Illinois and Michigan Canal, and the Board of Trade used its influence to secure the removal of these hindrances to navigation.

At the Second Annual Meeting, held in April, 1850, the board voted to organize under the general law of February 8, 1849, as "The Board of Trade of the City of Chicago." To provide for the deficit of \$146.20 shown by the treasurer's report, it was voted to raise the annual dues from two dollars to three dollars, and resolved

that the old members pay three dollars each into the treasury, and that the office furniture be transferred to the new organization. It was further provided that all members should sign the constitution, and that new members should pay an initiation fee of five dollars each. The new constitution required that annual and semi-annual meetings should be held, and that special meetings might be called upon the written request of five members. The Board of Trade then voted to dissolve, and on the 13th of April, 1850, the Board of Trade of the City of Chicago began its corporate life under the laws of the State of Illinois.

On the 20th of April, 1850, the members of the Board of Trade met at their rooms, 101 South Water street, for the election of officers. The following officers were chosen: President, Charles Walker; Vice-President, John P. Chapin; Treasurer, Thomas Hale; Secretary, John C. Dodge; Directors: Thomas Richmond, George Steele, Amos G. Throop, B. W. Raymond, W. S. Gurnee, G. W. Shepard, J. L. James, L. P. Hilliard, E. K. Rogers, G. S. Hubbard.

A steam canal boat, built on the Monongahela River, made its appearance in Chicago during the month of July and engaged in traffic on the canal. The "Chief Engineer," as she was named, was 100 feet in length and propelled by two locomotive engines. She had an upper cabin large enough to accommodate thirty-five passengers, and her speed was about six miles an hour. ("Journal," July 22, 1850).

The appropriation made by Congress at its last session for improvement of the harbor at Chicago was \$15,000.00, the same amount that was appropriated for Waukegan and Kenosha, and one-half as much as Michigan City was to receive.

Cholera was again epidemic in Chicago in the summer of 1850, and the dullness in the grain trade was attributed in part to the disinclination of farmers to expose themselves to the contagion.

The greatest activity prevailed at this time throughout the West and Southwest in the construction of plank roads. From western New York in the East, to Illinois, Arkansas, Louisiana and Texas in the West and Southwest, the needs of the farmers and the satisfactory returns from the roads already built stimulated the construction of new lines, and the newspapers of the day are full of reference to them.

"Plank roads are rapidly becoming the improvement of the day. We can hardly glance over a paper from any section of the country without seeing notices of plank roads completed, plank roads commenced, or plank roads projected." ("Journal," February 13, 1850).

During the summer of 1850 a channel 250 feet wide was dredged by the U. S. government through the bar at the end of the North Pier, and it was announced, on the 27th of August, that vessels

drawing ten to twelve feet of water could use this channel across the bar.

In the hope of inducing the members to meet daily, as they had been repeatedly urged to do, the hour from 12 noon to 1 p. m. was decided upon as the time of the daily meeting at the board rooms. But the early enthusiasm was lost, the membership declined, and few attended the meetings.

The great event of the year 1850 in the history of the Board of Trade and of the City of Chicago, and the State of Illinois as well, was the passage of the bill which granted to the State of Illinois more than two and a half million acres of land in the heart of the state to aid the construction of the Illinois Central Railroad, already referred to. The original bill, introduced by Judge Breese, U. S. Senator from Illinois, provided only for a line from Cairo to Galena; but, as finally amended and passed, it included a "branch" to Chicago, which soon became of more importance than the main trunk line through the center of the state. It goes without saying that the Board of Trade gave a vote of thanks to Senators Douglas and Shields for their services in securing this valuable land grant.

Discussion began at once as to the best method of building the railroad, some advocating its construction and ownership by the State of Illinois, and others favoring the incorporation of a joint stock company. The latter alternative was adopted; the Act passed in 1836 incorporating the Illinois Central Railroad Company was repealed, and a new company was chartered by the legislature of Illinois under the name of the Illinois Central Railroad Company, February 10, 1851. On the 21st of May, 1852, the first section of about thirteen miles, from Chicago to Calumet, was completed and the first train from Detroit, on the Michigan Central Railroad, reached the city over this track.

Steele's elevator on the north side of the river, at the corner of Franklin Street, with a capacity of 100,000 bushels, was built during the year, and made an important addition to the storage facilities of Chicago.

A remarkable shortage of wheat and other grains as well, developed in the Mississippi Valley in the spring of 1850. Prices were higher in St. Louis and other river towns than in Chicago and Cincinnati, and as a result, St. Louis drew supplies from both these points of accumulation, and even from Wisconsin lake ports, Michigan and Buffalo, as previously stated. Many Mississippi River steamboats were laid up for want of cargoes, and the lake transportation business was greatly curtailed. All the wheat from the canal and the Illinois River which in ordinary seasons found a market in Chicago, was turned in the opposite direction by the unusual conditions, for which the poor crop in the Mississippi Valley in 1849 and the increasing immigration to the West were chiefly responsible. As an indication of the growth of Iowa, an announcement

in the "Davenport Gazette" of the 30th of May that a canal boat from Chicago loaded with reaping machines had arrived is worthy of note.

The exhaustion of the wheat supply in the Mississippi Valley was so complete that shipments to the East were very small, and the first cargo of new wheat did not move from Chicago in that direction until the 19th of September.

In the latter part of 1850, money brokers published lists of bank notes in circulation with the rate of discount upon each. From one of these lists in the "Journal" of December 3rd, it is learned that the notes of all solvent banks in the New England States, New York, New Jersey, eastern Pennsylvania, Delaware, Maryland, District of Columbia, western Virginia and Ohio, certain selected banks in Kentucky and Michigan, the State Bank of Indiana, the Wisconsin Marine and Fire Insurance Company, and the Chicago, and City, banks were quoted at one per cent discount for gold or silver. All other bank notes vary from 2 per cent to 75 per cent discount, the notes of the Bank of Illinois at Shawneetown easily holding the place of dishonor with a market value of one-quarter their face.

At the close of the year 1850 the Galena and Chicago Union Railroad extending to Elgin and Aurora with a total mileage of less than fifty miles, was still the only line running into the city. Cincinnati at the same time had about six hundred miles of tributary railroads completed, and nearly as much more under construction.

A review of the beef packing business in Chicago in 1850 is found in the "Gem of the Prairie" of November 16, 1850, and is interesting for the purpose of comparison. It is in part as follows:

"The slaughtering and rendering establishment of Sylvester Marsh is situated upon the beach immediately north of the North Pier. The packing house to which the carcasses, ready for the block, are taken is situated immediately upon the bank of the river, at the corner of North Water and Wolcott (North State) streets. It was built during the present year, for the express purpose to which it is now devoted, and is three stories high with two feet brick walls, sixty by eighty-four feet upon the ground. Mr. Marsh employs seventy-five hands, slaughters 185 cattle per day, and expects to slaughter 4,500 during the season. * * * The following is a statement in round numbers of the extent of Mr. Marsh's business: Cash paid for cattle, \$90,000; for salt and barrels, \$15,000.00; for labor, \$5,000.00; total, \$110,000.00. Mr. Marsh sells his beef in Boston and New Bedford.

"The slaughtering and packing house of Gurdon S. Hubbard is situated upon the North Branch, between Michigan and Illinois streets. It was built last year, and possesses capacity for an extensive business. The present season Mr. Hubbard estimates the number of cattle he will slaughter for himself and others at 5,000. The number slaughtered per day is 105; and seventy-five hands are

usually employed in the different departments of the business. Mr. Hubbard finds a market for his beef in New York. Estimated extent of the business of the house the present year:

Paid for Cattle.....	\$100,000.00
Paid for salt, barrels, labor, etc.....	21,000.00
Total	<u>\$121,000.00</u>

“The establishment of Wadsworth, Dyer & Co. is situated on the South Branch in the suburbs of the city. The various buildings cover more than half an acre. The number of cattle slaughtered by Wadsworth, Dyer & Co., the present season, will probably exceed 6,000.

“The firm employs 110 men. Two hundred and ten head of cattle are slaughtered per day. They sell in part in the London and Liverpool markets, where their brand takes precedence over beef from every other quarter of the world. That which they pack for the home market is sold in New York, Boston and New Bedford.

“The establishment of R. M. Hough & Co. is situated upon the South Branch a short distance below Bridgeport. They have erected a substantial building 60x130 feet, with wings, and constructed a dock for convenience of loading their beef into vessels. They work fifty hands, slaughter 130 head of cattle per day, and pack both for the London and home market. An estimate of the business of R. M. Hough & Co. for the season is:

Cash, paid for cattle.....	\$70,000.00
Salt, barrels, labor, etc.....	15,000.00
Total	<u>\$85,000.00</u>

“On the river near the tannery of Gurnee Hayden & Co. is the slaughtering and packing house of William B. Clapp. Mr. Clapp kills 100 head of cattle per day, and sells his product in New York, Troy and Boston. His estimate of the season’s business is:

Cash paid for cattle.....	\$56,000.00
Salt, barrels, labor, etc.....	16,000.00
Total	<u>\$72,000.00</u>

“A little further down is the establishment of Eri Reynolds who employs thirty hands, slaughters about ninety head per day, and estimates his business the present season as follows:

Cash paid for cattle	\$48,000.00
Salt, barrels, labor, etc.....	10,000.00
Total	<u>\$58,000.00</u>

"Clybourne & Ellis are located on the North Branch about a mile above Ogden's Bridge. They expect to slaughter about 2,000 head during the season, and estimate that their expenditures will amount to about \$45,000.00."

Most of these cattle, amounting in all to about 27,500 head, were fattened in Illinois, McLean County leading all others. Some, however, were from Indiana and Iowa.

As might be expected from the abnormal conditions which have been described, wheat fluctuated violently in 1850. An urgent demand for actual consumption in the interior stimulated speculation, and when the advance culminated in the latter part of May at \$1.20@1.25 per bushel for winter wheat in Chicago, more than 50 per cent had been added to the quotations which were current in the preceding January.

The fall in prices in the next three months, under the influence of good crop prospects, was very severe and caused the failure of many grain firms throughout the country, among them the great New York house of Suydam, Sage & Co.

Ohio was the banner state in 1850, and claimed to have raised twenty-five million bushels; Michigan, northern Indiana and southern Illinois had fine crops, and although there was much complaint of "fly" and "chinch bug" in parts of northern Illinois, and some bad reports from Iowa and Wisconsin, the general result of the harvest was so good that in the latter part of August winter wheat had declined to 60@70 cents a bushel—little more than one-half the price it commanded three months before. Low prices prevailed during the remainder of the season, and the last quotations of the year were 55@60 cents for spring wheat and 65@70 cents for winter wheat.

The same conditions in the Mississippi Valley which produced high prices for wheat in Chicago operated to sustain the price of corn, which advanced from 26@28 cents per bushel at the beginning of the year to 52 cents in the early part of June. This price was reached again in August, but the promise of an abundant crop depressed the market, and on the 18th of October some enthusiastic "bear" sold 30,000 bushels of corn for delivery in June, 1851, at 28 cents per bushel, the first recorded sale of any grain for delivery so far in the future. At the close of the year the market is quoted 31@35 cents.

Oats advanced in sympathy with other grains, from 20@22 cents per bushel in the early part of January to 45@50 cents in the last of May, declining again to 20 cents in September and October, and again advancing to 26@29½ cents at the close of the year.

The "Gem of the Prairie" in its Annual Review of the Trade and Commerce of Chicago for 1850 gives some statistics which are interesting, although the figures differ from those found elsewhere.

Its report of receipts and shipments of grain and flour for the year 1850 is as follows:

	1849	1850
	Receipts	Shipments
Wheat, bushels	1,936,264	873,644
Corn, bushels	644,848	242,285
Oats, bushels	26,849	158,054
Flour, barrels	51,309	100,872

Lake freights were low throughout the year owing to the small quantity of grain to go forward, 4@5 cents being the prevailing rate on wheat to Buffalo. Erie Canal freights were low for the same reason, until near the close of the season, when 22@23 cents was paid on wheat from Buffalo to New York.

At the opening of the packing season in October, beef cattle were quoted \$3.00@3.50 per hundred pounds, and hogs \$2.00@2.75, but at the close of December packers were paying \$3.50@3.87½ per hundred pounds for hogs.

Three Years of Anticipation

1851

Early in January, 1851, a petition was circulated in Chicago and signed by the produce dealers and others praying the legislature "for the passage of an act prohibiting any railroad company from engaging in the storage, commission or produce business," and setting forth that the petitioners "have reason to fear that a certain railroad company is planning to extend to this city a gigantic monopoly" which "said company has established in a neighboring state and city" ("Journal," January 10, 1851). The same trouble appeared in later years, as will be seen hereafter.

Numerous railroad projects were agitated at this time, most of them short lines, insignificant in themselves except as they became parts of great trunk systems in after years. Among these were the projected line westward from Aurora to La Salle, which became a party of the Chicago, Burlington & Quincy system; the Rock Island & La Salle, later expanding into the Chicago, Rock Island & Pacific system; and the Upper Rock River Valley line, which became a part of the Chicago & North-Western.

The prevalence of chinch bugs, "fly" and other pests, as well as the rust which injured the wheat crop of northern Illinois in 1849 and 1850, induced many farmers in that region to turn their attention to corn and oats, and to the raising of cattle, sheep and hogs. ("Journal," January 22, 1851.)

On the 7th of February the bill to incorporate the Illinois Central Railroad Company passed the state legislature and provided that the Chicago branch should leave the main line "at a point north of the parallel of 39½ degrees north latitude."

The first attempt to prevent the fraudulent issuance of warehouse receipts was made by the legislature of Illinois in the winter of 1850-51. An act approved January 28, 1851, prohibited warehousemen and others from issuing receipts for grain or other commodities unless the property was actually in store, and prohibited them from removing or in any way encumbering any property upon which receipts were outstanding. The penalty for a violation of any of the provisions of the act was a fine of \$1,000 and imprisonment in the penitentiary for a term not exceeding five years.

The third annual meeting of the Board of Trade was held April 7, 1851, at which time there were only thirty-eight members in good standing, and the treasurer's books showed the association in debt \$165.96. He recommended an assessment of \$4 upon each member, which would nearly free the association from debt.

The officers whose terms were expiring were re-elected to serve for another year, viz.:

Charles Walker, President.

John P. Chapin, Vice-President.

Thomas Hale, Treasurer.

John C. Dodge, Secretary.

Evidently one or two members had been suspected of reporting fictitious sales, because a resolution was passed prohibiting such rascality upon pain of expulsion. It was provided that all transactions between members should be recorded, and that a record should be kept of the attendance at the daily meetings. It was also provided that the daily session should be held from 11:30 a. m. to 12:30 p. m.

The following extract from the record of attendance about the middle of July, 1851, shows a lamentable want of interest:

July 9—Present, C. Walker. No transactions.

July 10—Present, C. Walker, J. White, J. C. Walter.

July 12—Present, O. Lunt.

July 13—Present, none.

July 14—Present, none.

July 15—Present, C. Walker.

July 16—Present, none.

July 17—Present, J. C. Walter.

July 18—Present, none.

On the 11th of April, 1851, John C. Chapin, George Steel and Thomas Richmond, a committee appointed by the Board of Trade, wrote a pointed and vigorous letter to the state trustee of the Illinois and Michigan Canal, intimating that inefficiency of the superintendent was responsible for the numerous breaks in the canal, one of which had then interrupted traffic for several weeks. Many of the principal grain merchants had voiced their indignation more than a year before, but so little had been done to remedy the evils of which they complained that the Board of Trade felt

compelled, in the interest of the canal and of the people of the state, to take the action indicated. ("Journal," April 14, 1851.) The newspapers ably seconded the efforts of the Board of Trade, and on the 26th it was announced that the break had been repaired.

Before the railroad era, when the location of cities was determined by navigable rivers and other waterways, great expectations of the future of Cairo were entertained by well-informed people throughout the country. In April, 1851, soon after the Illinois Central Railroad Company had organized under the Act of February 10, 1851, the "American Railway Times," recognizing the immense value of the land grant, but anticipating that Cairo rather than Chicago would reap the greatest benefit from the construction of the railroad, published an article of which the following is an extract: "The Illinois Central Railroad will be the largest single railway enterprise in the United States. Cairo, which is situated at the lower terminus of the proposed road, at the junction of the Ohio and Mississippi rivers, will in all probability be one of the largest of our western cities." ("Journal," April 24, 1851.)

The common council on the 26th of May granted the Chicago & Rock Island Railroad and the Michigan Southern Railroad right-of-way into the city. The managers of these two lines were working in harmony, and in June made an agreement permitting the Michigan Southern Railroad to enter the city over the tracks of the Chicago, Rock Island & Pacific. A little later in the year the friends of the Rock Island road tried to secure from the city of Chicago a subscription of \$100,000.00 to the stock of the railroad, giving out the idea that if this accommodation were not granted the road might be built directly east from Joliet to the Indiana state line and a junction made there with the Michigan Southern, greatly to the detriment of Chicago. The common council approved the project so far as to submit it to a vote of the people, but public sentiment was so strongly opposed to the plan that it was quietly dropped without the formality of a vote, the result of which certainly would have been adverse.

Two grain warehouses were destroyed by the fire of August 24, 1851. The elevator of E. H. Hadduck, with a capacity of more than 100,000 bushels, was the largest in the city. The warehouse of H. Norton & Co. was much smaller.

There was great rivalry between the Michigan Central Railroad Company and the Michigan Southern and Northern Indiana, both of which were building with all possible speed to reach Chicago, the former from Detroit and the latter from Toledo. Some time in April the Michigan Central made arrangement with the Illinois Central Railroad Company by which the latter agreed to deflect its branch line from Chicago to Cairo far enough to the east to touch the Indiana state line at the point where the Michigan Central proposed to cross into the state of Illinois.

This action was plainly a violation of the intent of the charter of the Illinois Central, and on the 29th of September the common council appropriated \$10,000.00 to defray the expense of a fight to prevent this outrage on the people of Chicago. The officers of the Illinois Central soon saw the necessity of complying with the wishes of the people of Chicago, and on the 18th of October it was announced in the "Journal" that they would run their line direct to Chicago, keeping west of Calumet Lake. The well-known opinion of Senator Douglas that "neither the Illinois Central nor the Rock Island Railroad could, if they would, under the terms of their charters, make a connection at the Indiana state line as a terminus, but that both roads must have a terminus in Chicago," contributed much to the successful issue of this contest between the railroad and the people of Chicago. (Andreas, Vol. I, page 156.)

The general banking law was submitted to a vote of the people of the state on the 4th of November and carried by a majority of 9,284. ("Journal," November 14.)

Early in November the "Tribune" published a statement of the beef-packing business of Chicago for the year 1851. The number of cattle slaughtered was 30,800, and the number of barrels of beef packed by each of the firms engaged in the business is given, as follows:

G. S. Hubbard.....	12,000
S. Marsh	8,000
Wadsworth, Dyer & Co.....	6,000
R. M. Hough.....	7,000
Reynolds & Hayward.....	6,000
Maher & Tobey.....	5,600
Curry & McNally.....	8,000
Clybourne & Ellis.....	7,000
Total.....	59,600

It was charged that the figures given above were much exaggerated. Probably they were, Colbert's figures being very much lower, as were those of the "Democratic Press," published in 1852 (21,806), which Andreas has adopted; but they were the result of an honest effort to get the truth.

A convention met in Peoria on the 26th of November to urge upon Congress the necessity and the justice of suitable appropriations for improvement of the Illinois River. The Board of Trade sent a number of delegates to the convention and Charles Walker, president of the Board, was elected president of the convention. A committee was appointed to prepare a memorial to Congress, fortified with the necessary statistics.

The common council of Chicago at its meeting on the 29th of December passed an ordinance granting the Illinois Central Rail-

road Company right-of-way along the lake shore from Thirty-ninth Street to Twelfth Street, and thence to the Chicago River; also granting the right to construct a bridge across the main river to the north side, and to lay a track on or south of Twelfth Street, to cross the South Branch, to lay a track on both sides of the South Branch, and on both sides of the main river.

In an interesting review of the business of Chicago for the year 1851 the "Journal" of December 30 gives the following statistics of the receipts and shipments of certain articles. The "Journal's" figures differ widely from those adopted by other authorities, but are deemed worthy of preservation.

RECEIPTS

Flour, by lake, barrels.....	5,063
Flour, by canal, barrels.....	5,819
Flour, by railroad, barrels.....	39,646
Flour, by teams, barrels.....	750
Total	51,278
Wheat, by lake, bushels.....	9,061
Wheat, by canal, bushels.....	67,951
Wheat, by railroad, bushels.....	274,939
Wheat, by teams, bushels.....	232,619
Total	584,570
Corn, by canal, bushels.....	2,352,016
Corn, by railroad, bushels.....	300,387
Corn, by teams, bushels.....	168,266
Total	2,820,669
Oats, by lake, bushels.....	.....
Oats, by canal, bushels.....	181,292
Oats, by railroad, bushels.....	150,592
Oats, by teams, bushels.....	190,160
Total	522,042
Barley, by lake, bushels.....	6,965
Barley, by canal, bushels.....	268
Barley, by railroad, bushels.....	22,396
Barley, by teams, bushels.....	10,147
Total	39,776

SHIPMENTS

Flour, by lake, barrels	41,519
Flour, by canal, barrels	777
Total	42,296
Wheat, by lake, bushels	287,719
Corn, by lake, bushels	2,531,671
Oats, by lake, bushels	567,200
Oats, by canal, bushels	108
Total oats.....	567,308
Barley, by lake, bushels	10,020
Barley, by canal, bushels	11,460
Total	21,480

Receipts of lumber were 105,000,000 square feet.

Shipments by canal, square feet, 52,186,645; by railroad, square feet, 13,040,892. Total, 65,227,537.

Receipts and shipments of grain and lumber in 1850 and 1851 compare as follows:

RECEIPTS

	1850	1851
Flour, barrels	70,699	51,278
Wheat, bushels	1,165,480	584,570
Corn, bushels	258,310	2,820,669
Oats, bushels	162,536	522,042
Barley, bushels	9,927	39,776
Lumber, square feet.....	85,000,000	105,000,000

SHIPMENTS

	1850	1851
Flour, barrels	100,871	42,296
Wheat, bushels	883,643	287,719
Corn, bushels	262,212	2,531,671
Oats, bushels	158,070	567,308
Barley, bushels	22,872	21,480
Lumber, square feet.....	47,189,623	65,227,537

The quantity of flour manufactured in Chicago in 1851 is reported thus:

By the Hydraulic mills, barrels.....	20,000
By the Marine mills, barrels.....	20,831
By the Chicago mills, barrels.....	20,000
Total	60,831

There were at the close of 1851, 150 boats on the canal, and the number of passengers carried during the year was 47,699.

The amount of tolls collected was \$173,390.34, against \$124,972.49 in 1850.

The discrepancy between the figures given in the "Review" and those derived from other sources illustrates the impossibility of ascertaining the exact truth. One of the important facts, however, is that there was a marked falling off in receipts of wheat, due in part, perhaps, to the very low price of spring wheat in the last four months of the year, at a time when corn was in demand and frequently selling above the market for the lower grades of wheat. Another important fact was the astounding increase in receipts of corn, which were more than ten times as great as in 1850.

Receipts of oats increased more than threefold, and the movement of lumber showed a gratifying increase. Until 1851 Toledo had been the greatest primary market for corn, but Chicago then took the lead and never has lost it.

Moderate prices for wheat prevailed in the early part of the year, 60@85 cents per bushel for winter wheat and 45@63 cents for spring wheat being the range until near the 1st of July, when the good crop prospect brought about a decline which carried spring wheat down to 27@37 cents at the end of October, and winter wheat to 45@60 cents. The last quotations of the year are 50@60 cents for winter and 31@35 cents for spring wheat.

Corn was worth 35 cents at the opening of the year, and did not fall below that price nor rise above 40 cents until the latter part of July, although some heated corn sold at lower prices. It declined to 26 cents in November, but was worth 29@30 cents at the close of the year.

There was a noticeable increase in the quantity of corn sold for future delivery, especially during the months of March and April, when several sales for June delivery were made.

Oats were 29@30 cents per bushel at the beginning of the year, and were comparatively steady at 27@32 cents as the extremes until the latter part of June, when they sold at 25 cents. In the latter part of August they declined to 17@19 cents, in October to 16 cents, and 16@17 cents is the closing quotation of the year.

At the opening of navigation in April, freight on corn to Buffalo was 8@9 cents per bushel, and this was the prevailing rate until June, when 5 cents was accepted on corn and 6½ cents on wheat. In August and September, charters were made as low as 4 cents on corn. In October 6@8 cents on corn, and in November, 9 cents was paid on wheat to Buffalo.

Packers paid \$3.75@4.00 per hundred pounds for hogs in January, 1851, and these prices prevailed until the close of the packing season, with an extra 20 cents occasionally added for very heavy stock.

During the year a brisk trade in live cattle for the eastern markets developed in Chicago, Mr. Felt, of Utica, N. Y., taking the lead in this trade and shipping his cattle by steamer to Buffalo.

1852

The 20th of February, 1852, was a red letter day in the history of Chicago. The first train from the East arrived on the Michigan Southern Railroad and was saluted by Captain Swift's artillery and welcomed by a large concourse of enthusiastic citizens. Three months later (May 21) the first Michigan Central railroad train arrived in Chicago from Detroit.

The fourth annual meeting of the Board of Trade was adjourned from Monday, April 5, until the 8th, "owing to the inclemency of the weather and consequent scarcity of members present," as the "Democrat" explained. At this meeting the Board occupied for the first time rooms previously rented at the corner of Clark and South Water Streets. There had been a gain of fifteen in the membership during the year and the association was out of debt.

The following officers were elected:

President, George Steele.

Vice-President, Thomas Hale.

Secretary and Treasurer, John C. Dodge.

The members were dissatisfied with the location at Clark and South Water Streets and decided to move to No. 3 Tremont Block, where the next meeting of the Board was held.

At their meeting on the 15th the Board voted to meet daily on 'Change at 11:30 a. m.

It had become a custom of grain buyers who bought from farmers' teams to demand 60 pounds of shelled corn for a bushel, and considerable confusion was produced in the sales between merchants by the necessity of specifying "60 pounds," or "56 pounds," whenever a cargo was sold. During the year 1852 most of the quotations are for 60 pounds, but it was agreed by the corn buyers, in the latter part of August, that on and after the 30th of that month 56 pounds should be the standard bushel. This did not settle the question, however, and on the 20th day of October a meeting of produce buyers, of which Gordon Pease was chairman, resolved to adhere to what they claimed was "the long acknowledged and most convenient standard of purchasing small grains at 60 pounds per bushel," and further resolved that they "would refuse to recognize as a buyer in this market any individual who may purchase rye or corn at less than the said standard of 60 pounds."

Both standards continued to be used, and of course prices varied accordingly.

Trains began running over the Galena & Chicago Union Railroad to Rockford on the 2nd of August, adding the fertile Rock River Valley to the country tributary to Chicago. The Chicago & Rock Island was finished to Joliet, and train service begun to that point November 22. It was announced that the road would be completed to Morris about the first of January.

These short lines of railroad to the west and southwest, together with the two lines from the east already mentioned, made Chicago quite a railroad center at the close of 1852, although the territory from which it drew its grain and beef and pork was still limited, for the most part, to northern Illinois, a little of southern Wisconsin, and a small part of eastern Iowa.

It was ten months from the time the Michigan Southern ran its first train into Chicago before rail communication was opened from Toledo to the eastern seaboard cities and Chicago had an all-rail line to New York, Philadelphia, Pittsburgh and Cincinnati.

No important action was taken by the Board of Trade during the year 1852. Its old habit of expressing its views upon all public questions appears to have fallen into desuetude, partly, perhaps, on account of the greater demands of business upon the time and thought of members. New banks, new railroads projected and begun, new lines of industry, and a rapidly increasing population made the glorious destiny of the city manifest to all except the most hopeless pessimist, and left the average Board of Trade man little time to indulge in political or philosophical speculation.

The number of cattle slaughtered and packed in Chicago during the year 1852, according to a review of the industry published by the "Democratic Press," December 13, was as follows:

	Head
By Thomas Dyer	3,714
By Sylvester Marsh	2,372
By R. M. Hough & Co.....	5,600
By G. S. Hubbard.....	4,896
By Reynolds & Hayward.....	2,974
By F. L. Kent.....	2,413
By O. H. Tobey.....	1,794
By Joel Ellis & Co.....	600
Add 300 head to be slaughtered before January 1...	300
	<hr/> 24,663

This is an increase of 2,857 over the previous year, when the number, according to the "Democratic Press," was 21,806.

The writer estimated that the total number packed during the year would have been "at least 30,000 had it not been for the large shipments that have been made of live cattle to eastern markets." His figures indicate that more than 5,000 live cattle were shipped to the East during the year. He makes the interesting statement that "Chicago Mess Beef will command in eastern markets from one to two dollars per barrel more than any other." Three thousand tierces of beef packed in Chicago were shipped to the London market by Thomas Dyer and R. M. Hough & Co., and most of the remainder of the packing went to New York, Boston and New Bedford. The total amount packed was equal to 46,395 barrels. The average rate paid for cattle during the season was \$4.00@4.12½ per hundred pounds. The cattle packing season opened about the 1st of October and closed about the 20th of November.

Beginning with the year 1852, more reliance can be placed upon the statistics of receipts and shipments of grain, flour, cattle and hogs. Prior to this time the figures, conflicting as they are, give a good general idea of the comparative movement from year to year; but beginning with 1852 greater care was taken in the compilation of these tables, and Colbert's figures, given above, said by that author to have been based upon the Board of Trade Report, are accepted by all historians as authoritative.

According to these figures, the grain business of Chicago in 1852 differed materially from that of the preceding year only in the movement of oats, of which about three times as many bushels as in 1851 were shipped, most of them going to Buffalo by lake. The business done by the Illinois and Michigan Canal was somewhat less than in 1851. Apparently the movement of flour in and out of Chicago fell off slightly, while wheat increased moderately and corn showed little change. Accepting Colbert's figures for the beef packing of 1851, viz., 21,806 head, there was a fair increase in this industry, as there certainly was in the number of hogs packed, which was, according to the same author, 44,156 (a typographical error for 48,156, probably).

The most noteworthy price changes were in live stock and in the grains which are fed to cattle and hogs. During November and December, 1852, packers were paying nearly 50 per cent more for desirable hogs than in the corresponding months of the previous year, and about 20 per cent more for cattle. Good hogs were quoted in December at \$5.50@6.25 per hundred pounds, and good cattle at \$4.00@4.50, although much higher prices had been paid for choice cattle earlier in the year.

At the opening of the year, winter wheat was quoted 50@65 cents per bushel, and spring wheat 32@45 cents. The former was steady within a range of 50@75 cents, the average perhaps 65@70 cents, until late in the year, when, in consequence of bad harvests

in Europe, 80@85 cents was paid, the year closing with good samples quoted 72@80 cents. The range on spring wheat was 31@50 cents until September, when 60 cents was paid; 71 cents was the highest price of the year, November 18th, from which it declined and was quoted 55@60 cents in December.

Corn was worth 26 cents a bushel in January, 1852, but advanced to 35 cents before the end of the month, and sold between 32 and 36 cents until the latter part of July, when it advanced to 40@43 cents, which was about one cent above the price of spring wheat at that time. It again advanced in August and sold as high as 56 cents, spring wheat being quoted at 40@50 cents per bushel the same day. Corn and spring wheat kept pretty close company in price during September, October and November. In November corn touched 61 cents (for 60 pounds), the highest point of the year.

Oats sold at 17@20 cents per bushel during the first four months of the year, 22@25½ cents in May and June, 23@28½ cents in July, 23@28½ cents in August, 27@32 cents in September, 27@32½ cents in October. Thirty-six cents was paid in November, and the last quotation of the year was 34@35 cents.

The opening of navigation was late in the spring of 1852, the grain warehouses in Chicago were full, and as a result the first charters to Buffalo were made at 12 cents a bushel on corn, but this rate could not be maintained, and before the end of May, 9½ cents was the going rate. In June and the early part of July, 7½@9 cents was paid on corn to Buffalo, but in August, 3½@4½ cents was accepted. After the new crops began to move in September, freights advanced to 6@7 cents on corn, and in November 8 cents was paid.

On the Erie Canal, 12 cents on corn from Buffalo to New York was the earliest rate reported to the Chicago newspapers, and 12@12½ cents was the ruling rate until August, when shipments were made at 11 cents. In September, 14 cents was paid.

The harvests of the year 1852 in Chicago territory were fairly abundant, and the high price of corn and oats in the autumn was due to deficiency in the European crops rather than to local conditions, although the demand for flour, corn and oats for the lumber camps of Michigan and Wisconsin was an important factor just before the close of navigation.

1853

The first bank to take advantage of the General Banking Law, which had been ratified by the people of Illinois in November, 1851, was the Marine Bank, organized January 13, 1852. Before the close of the year eight others incorporated under the law and began to issue currency. Certificates of the Wisconsin Marine and Fire Insurance Company, to a large amount, were still in circulation,

and naturally there was a conflict of interest and some antagonism between the new banks and George Smith, the shrewd Scotchman, whose rich preserves they were invading. The newspapers and politicians who were opposed to all banks, fomented the trouble, and unexpectedly a bill repealing the General Banking Law passed the upper house of the Illinois legislature, January 31, 1853. Before it was considered by the House of Representatives, however, the Board of Trade held a meeting and through its committee, ex-Mayor Woodworth and Thomas Dyer, adopted a series of resolutions vigorously protesting against a repeal of the law. The law was not repealed, but an Act approved February 10 corrected some abuses in a way entirely satisfactory to its friends.

It was announced at this meeting that in future the Board of Trade would meet at No. 8 Dearborn Street, upstairs in "the office heretofore occupied by the Chicago Mutual Insurance Company."

On the 14th of February the Chicago & Rock Island Railroad was finished to Ottawa, and on the 10th of March to La Salle.

On the 19th of February, John C. Dodge resigned his office as secretary and treasurer of the Board of Trade and James E. Dalliba was chosen to fill the position until the annual election in April.

One of the local papers ("Journal," January 14) attributed the dullness in the grain trade to the real estate excitement which prevailed in the winter of 1852-53. The commercial editor says, "The excitement in the real estate market has in a great measure diverted the attention of produce dealers, so that no very heavy operations may be looked for at present."

Another reason doubtless was that large quantities of grain were held along the canal and railroads awaiting the opening of navigation, the owners hoping that St. Louis might prove a better market for them than Chicago, as she had done three years before. Because of this tendency to hold grain in country warehouses there was in store in Chicago, March 8, 1853, only 40,000 bushels of wheat and 30,000 bushels of oats. Milwaukee had 225,000 bushels of wheat in store on the 20th of March, and the Milwaukee Board of Trade reported the shipment of wheat from that port for the year (ending in March) 394,386 bushels, not very far in the rear of Chicago with its 635,496 bushels. At all events, the people of Milwaukee had some ground for considering their beautiful city still in the race with Chicago, so far as wheat was concerned.

The 48,156 hogs packed in Chicago in 1852 gave her the lead in this branch of industry in Illinois, although in a review of the business published in the local press, Beardstown was credited with 38,700, Peoria 38,000 and Alton 27,000, out of a total for the state of 325,850.

The fifth annual meeting of the Board of Trade was held in the new rooms, No. 8 Dearborn Street, April 4, 1853, when the following officers were elected, viz.:

President, Thomas Hale.

Vice-President, Charles H. Walker.

Secretary and Treasurer, L. P. Hilliard.

It was voted to change the hour of meeting to 10 o'clock a. m., and, in the hope of increasing the attendance, Secretary Hilliard was directed to provide a free lunch of crackers, cheese and ale for such members as should attend the daily meetings.

The president appointed the following standing committee: Thomas Richmond, Julius White, A. G. Throop, W. D. Houghteling, J. P. Chapin, Joel C. Walter, J. W. Duncan.

The annual meeting then adjourned to meet on Monday, April 11, thereby giving the committee time to prepare a report upon several matters of interest.

At the adjourned meeting on the 11th, the standing committee made a report recommending that "a special committee of three be appointed to confer with parties who are about erecting buildings, with a view to procure suitable rooms" for the Board. The committee also urged that "effort ought to be made by members generally to induce a larger portion of our business men to become members." They further recommended the appointment of a committee to prepare and secure the adoption of a uniform scale of charges for storage, wharfage, commission, etc.

But the most important action proposed by the standing committee was the passage of a resolution setting forth "that the commerce of Chicago, amounting the last year * * * to \$30,000,000.00, furnishes conclusive evidence that the facilities afforded by our banking institutions are wholly inadequate to the necessities of the trade." The resolutions then strongly endorse a proposition for the establishment of a bank in this city with a capital of two millions of dollars, and earnestly commend the enterprise to the favorable consideration of the public, with the wish for its speedy establishment.

The Act of the Legislature, approved February 10, explaining and amending the General Banking Law, to which reference has been made, was to become effective on the 1st of August. By its provisions the circulation in Illinois of such currency as the certificates of the Wisconsin Fire and Marine Insurance Company was prohibited, and as these certificates composed a large part of the circulating medium in Chicago at that time, it was apparent that when they were driven out there would be a scarcity of currency which the newly organized banks, with their limited capital, could not replace. Numerous editorials and communications upon the

subject appeared in the local press, and the action of the Board of Trade was public-spirited and wise.

At a meeting held on the 16th of April, the Board of Trade adopted a rule that all questions arising between the members involving pecuniary considerations must be submitted to a committee of the Board for decision. Either party to the arbitration was privileged to appeal from the decision (presumably to the Board of Directors). The following rates of commission were established:

For purchasing grain by cargoes, funds in hand.....	$\frac{1}{2}c$	per bu.
For purchasing grain by cargoes, without funds.....	1c	per bu.
Sales of grain by boat load without advances.....	$\frac{1}{2}c$	per bu.
Sales of produce or other property.....	$2\frac{1}{2}$	per cent
Purchasing provisions in quantities, per barrel.....	1	per cent
Purchasing other property on orders.....	$2\frac{1}{2}$	per cent
Advancing on produce or other property.....	$2\frac{1}{2}$	per cent
Guaranteeing sales	$2\frac{1}{2}$	per cent

At a meeting of the Board of Trade held April 27th, the committee of which W. D. Houghteling was chairman, charged with considering the subject of rates of storage, reported it inexpedient to take any action, and asked to be discharged.

The bar at the mouth of the harbor was a source of constant annoyance to navigators, and as Congress failed to make an appropriation for the needs of the Chicago harbor, the common council, in one of its liberal moments, actually appropriated \$300.00 to remove the obstructions, "provided those engaged in commerce will agree to keep the channel open during the season."

At the opening of navigation, tolls on the Welland Canal were reduced about seven-eighths of a cent per hundred pounds on corn, rye, oats and many other articles, but the rate on wheat was unchanged. Wheat, flour and corn passing through the Welland Canal and paying toll were, however, given free passage through the St. Lawrence canals.

When the amended banking law went into operation on the 1st of August, George Smith, the Scotch banker, who had organized the Bank of Atlanta under the laws of Georgia, tried to force the issues of this institution into circulation in Chicago and elsewhere, and the Whig newspapers accused him of locking up the small bills of local banks as a part of this "conspiracy." Public opinion did not sustain his attempt to evade the law, and he finally abandoned the effort, after a long and bitter struggle.

On the 17th of October the Chicago & Mississippi Railroad was finished from Bloomington to Alton, giving Chicago its first all-rail route to the Mississippi River. It was not very direct, but

it was notable as the first. Passengers for St. Louis could take the Chicago & Rock Island Railroad to La Salle, connect there with the Illinois Central for Bloomington, and at Bloomington with the Chicago & Mississippi for Alton, where a fast steamer in waiting would convey them to the Missouri metropolis, the whole journey consuming only sixteen hours.

On the 31st of October the local newspapers announced the completion of the Aurora Extension to its junction with the Illinois Central at what is now Mendota, fifteen or sixteen miles north of La Salle.

The Chicago & Galena Union was finished to Freeport on the 4th of September.

The year 1853 was one of unexampled prosperity in Chicago. The population increased about 57 per cent, and more than 60,000 persons now called Chicago their home. A wider acquaintance with the "manifest destiny" of the city as the great central mart of the Union caused a speculative advance in prices of real estate, which the rapid extension of the railway systems tributary to Chicago fully justified. The extension of the railroads which had their terminals in Chicago was really of less importance in itself than the fact that as they extended westward and southward they met or crossed other roads intended to run elsewhere but which found a Chicago outlet indispensable. Chicago at the close of 1853 had reached the commanding station where every railroad line, present or prospective, north of the Ohio River and west of the Wabash, whatever its ostensible goal, found that it must have an outlet to the markets of that city for the produce of the farms along its right-of-way. The main line of the Illinois Central already had three such connections, one over the Chicago & Rock Island at La Salle, another over the Aurora Extension at Mendota, and another over the Galena & Chicago Union at Freeport, with the certainty in the very near future of another at Centralia over the Chicago branch of the Illinois Central, and a fifth at Dixon, to which the Air Line Division of the Galena & Chicago Union Railroad was projected and building. Every week added to Chicago territory, either through the extension of its own direct lines or the junction of these with other railroads built to divert trade from Chicago, or, to say the least, without any reference to Chicago, but forced by the logic of the situation to become tributary to that city because it was the best market.

Although at the close of 1853 the five trunk lines running out of Chicago had less than a thousand miles of railway in operation, nearly seven times as many more miles were in process of construction on these or connecting roads, of which it was expected about one-half would be finished by the close of the year 1854.

The railroad connections to which reference has been made were completed too late in the season to have much effect upon

the grain trade of the year, but it was apparent to everyone that a marvelous expansion of this trade was certain to develop in the immediate future.

As wheat (including flour) was the chief article of shipment from Chicago by lake from 1842 until 1851, when corn became a candidate for first place, and as these two articles held their position at the head of Chicago's exports for many years, a word about the foreign trade of the United States in these leading cereals prior to the close of 1853 is not out of place here. Important as the grain trade of Chicago had become, and rapid as its growth had been, all the development hitherto had been only an earnest of the greater conquests to come. The close of the year 1853 divides the period of prophecy from the years of fulfilment.

Before the Revolution the American colonies produced a small surplus of wheat and exported most of it in the form of flour. In 1767 Philadelphia exported 198,516 barrels of flour and 367,500 bushels of wheat; in 1771, 252,744 barrels; in 1772, 284,827 barrels. Virginia annually for some years preceding the Revolution exported 800,000 bushels of wheat.

The total quantity of flour exported from the United States in 1791 was 619,681 barrels, besides 1,018,339 bushels of wheat; in 1800, 653,052 barrels, besides 26,853 bushels of wheat; in 1810, 798,431 barrels, besides 325,924 bushels of wheat.

From 1820-21 to 1839-40 exports of wheat and wheat flour averaged about 4,000,000 bushels of wheat annually, nearly all in the form of flour, the total exports of unground wheat for the whole 19-year period being less than 1,000,000 bushels.

In a country so extensive as the United States, and with transportation facilities so imperfect as they were before the railroad era, it is inevitable that some wheat should have been imported. In ordinary years the quantity was so small as to be negligible. For instance, for a decade prior to 1835 the amount did not reach 4,000 bushels in any single year. In that year we imported nearly a quarter of a million bushels; in 1836, more than half a million, and in 1837, 3,921,259 bushels, or more than the exports for that year, which were, for the fiscal year 1837-38, in wheat and flour, the equivalent of a little more than 2,000,000 bushels of wheat.

This year of financial disaster was the only year since 1820, and in all probability the only year since the Revolution, in which the United States imported as much wheat as it exported, and after 1838 imports of wheat almost ceased.

Of the total imports in 1837, 279,347 bushels came from Prussia, 1,405,783 bushels from the Hanse towns, 453,036 bushels from Holland, 792,675 bushels from England, 317,170 bushels from British-American colonies, 228,113 bushels from Italy and Malta, 196,000 bushels from Trieste. (Ex. Doc. 1st Session 28th Congress, Doc. 110.)

The following table shows the exports of flour, wheat and corn from 1820-21 to 1853:

Years	Wheat Bushels	Flour Barrels	Indian Corn Bushels	Indian Meal Barrels
1820-21.....	25,821	1,056,119	607,277	131,669
1821-22.....	4,418	827,865	509,098	148,228
1822-23.....	4,272	756,702	749,034	141,501
1823-24.....	20,373	996,792	779,297	152,723
1824-25.....	17,990	813,906	869,644	187,285
1825-26.....	45,166	857,820	505,381	158,652
1826-27.....	22,182	868,492	978,664	131,041
1827-28.....	8,906	860,809	704,902	174,639
1828-29.....	4,007	837,385	897,656	173,775
1829-30.....	45,289	1,227,434	444,107	145,301
1830-31.....	408,910	1,806,529	571,312	207,604
1831-32.....	88,304	864,919	451,230	146,710
1832-33.....	32,221	955,768	487,174	146,678
1833-34.....	36,948	835,352	303,449	149,609
1834-35.....	47,762	779,396	755,781	166,782
1835-36.....	2,062	505,400	124,791	140,917
1836-37.....	17,303	318,719	151,276	159,435
1837-38.....	6,291	448,161	172,321	171,843
1838-39.....	96,325	923,151	162,306	165,672
1839-40.....	1,720,860	1,897,501	574,279	206,063
1840-41.....	868,585	1,515,817	535,727	232,284
1841-42.....	817,958	1,283,602	600,308	209,199
1842-43.....	311,685	841,474	672,608	174,354
1843-44.....	558,917	1,438,574	825,282	249,882
1844-45.....	389,716	1,195,230	840,184	269,030
1845-46.....	1,613,795	2,289,476	1,826,068	298,790
1846-47.....	4,399,951	4,382,496	16,326,050	948,060
1847-48.....	2,034,704	2,119,393	5,817,634	582,339
1848-49.....	1,527,534	2,108,013	13,257,309	405,169
1849-50.....	608,661	1,385,448	6,595,092	259,442
1850-51.....	1,026,725	2,202,325	3,426,811	203,622
1851-52.....	2,694,541	2,799,339	2,627,075	181,105
1852-53.....	3,890,141	2,920,918	2,274,909	212,118

Indian corn was exported from the colonies before the Revolution, Virginia alone supplying about 600,000 bushels annually for some years before 1775. Small quantities were shipped from South Carolina, Georgia and North Carolina. In 1771, Philadelphia shipped 259,441 bushels.

After the Revolution, exports of corn increased, and in 1791, 2,064,936 bushels were exported (including Indian meal); in 1800, 2,032,435 bushels (including meal), and in 1810, 1,140,996 bushels (including meal).

Before the opening of the Erie Canal in 1825, all the surplus wheat and corn was produced in the Atlantic seaboard states, except a small quantity which found its way down the Mississippi and was exported from New Orleans. Soon after the opening of the Erie Canal the surplus of Ohio, and later of Indiana, was shipped from Toledo, Sandusky and Cleveland, the state of Ohio alone producing in 1839 more than 33,500,000 bushels of corn and more than 16,500,000 bushels of wheat. The time had now come for Chicago to wrest from these Ohio towns their leadership as shippers of food products and to put on the crown she has never relinquished.

While the grain business of the city as a whole showed less increase in 1853 than may have been expected, the receipts of wheat were largely in excess of the previous year. The following table shows the receipts of wheat and the avenues by which it reached the city:

	Wheat, 1853 Bushels
Galena & Chicago Railroad.....	901,366
Canal	352,103
Lake	62,031
Eastern railroads	15,081
Teams	297,980
Rock Island Railroad.....	44,115
Illinois Central Railroad.....	14,789
Total	1,687,465

Receipts of flour for the year were 131,130 barrels, against 124,316 barrels the year before. City mills manufactured about 12,000 barrels more than in 1852.

Shipments of wheat by lake were 1,206,163 bushels, and 102,267 bushels were shipped east by rail, most of it to towns on the Michigan Central Railroad.

The receipts of corn for 1853, and the sources from which they came, are shown in the following table:

	Corn, 1853 Bushels
By Illinois and Michigan Canal.....	2,481,334
By Galena & Chicago Union Railroad.....	228,505
By teams	136,220
By Chicago & Rock Island Railroad.....	17,862
By Illinois Central	3,595
By eastern railroads	1,823
Total	2,869,339

The shipments of corn by lake were 2,729,552 bushels, and by eastern railroads 40,676 bushels. Both receipts and shipments show a slight decrease for the year.

The movement of oats showed a falling off of about 200,000 bushels in receipts, which came from sources indicated in the following table:

	Oats, 1853 Bushels
By canal	971,350
By Galena & Chicago Union Railroad.....	472,829
By teams	402,729
By Chicago & Rock Island Railroad.....	11,810
By Illinois Central	16,779
By eastern railroads	273
Total	1,875,770

The shipment of oats by lake amounted to 1,633,842 bushels, and by eastern railroads 114,169 bushels.

The number of hogs packed during the season November, 1853, to March, 1854, was 52,849, an increase of about 4,000 head over the packing of the previous season, and their average weight was 249½ pounds. Of the fifteen packers engaged in this business, the following firms each packed more than 2,000 head, viz.:

Gurdon S. Hubbard.....	14,010
R. M. Hough & Co.....	8,187
Reynolds & Hayward.....	7,388
Thomas Dyer	4,931
S. S. Carpenter.....	4,920
Hugh Maher	2,800
George Steel	2,650
Hale & Clybourne.....	2,900

This was a creditable showing, but Cincinnati was still far in the lead as a packing point, the "Price Current" of that city, in a review of the packing season of 1853-54, estimating the number of hogs packed in "Porkopolis" (a sobriquet for Cincinnati) as 431,000, out of a total at all western points of more than 2,500,000. According to the "Price Current," there were 55 packing points in Ohio, 62 in Indiana, 54 in Illinois, 19 in Kentucky, 10 in Tennessee, 10 in Iowa, 20 in Missouri, 2 in Wisconsin, and 1 (Detroit) in Michigan, a total of 233 packing points in the nine states named.

The total receipts of hogs were 73,980, of which the Galena & Chicago Union Railroad brought in 45,779 and the Chicago & Rock

Island 14,225 head. Nearly 10,000 head were shipped east by the Michigan Central and the Michigan Southern railroads.

Some falling off in the beef packing was expected on account of the heavy draft upon the cattle region tributary to Chicago for the supply of California, Oregon and Minnesota. Nevertheless, the business of 1853 showed a slight increase, the number of cattle packed in Chicago being 25,435.

No line of business showed a greater percentage of growth than the lumber trade. Receipts of lumber were 202,101,098 square feet, against 147,816,232 square feet in 1852.

The Chicago wheat market was exceedingly erratic in 1853. Almost bare of supplies in the early part of the year, and stagnant for reasons already given, the opening range of 70@90 cents for winter wheat and 65@75 cents for spring wheat, according to quality, covered most of the transactions prior to the middle of July, when the strength in foreign markets caused a moderate advance of about 10 cents a bushel in the face of a good crop outlook in the United States. This advance was not wholly maintained, but throughout the autumn diplomatic mutterings which preceded and presaged the approaching Crimean War kept the wheat markets of the world in turmoil, and advances and declines of 10@15 cents a bushel occurred in Chicago more than once as the news from Europe was warlike or the reverse.

The wheat harvest of 1853 in France and England was deficient, the Liverpool "Courier" estimating the shortage of the two countries, as compared with the previous year, at 108,000,000 bushels. ("Journal," September 10, 1853.) This deficit would have assured moderately high prices without the stimulus derived from the Crimean War between Russia and Turkey, which had been threatening for several months, and which began late in the fall of 1853, and in which England and France joined in 1854.

The following table shows the price of wheat in the Chicago market on the first day of each month during the year 1853:

1853	Spring	Winter
January	\$0.70@0.76	\$0.73@0.86
February .....	...@ .65	.75@ .85
March .....	.60@ .70	.70@ .85
April .....	.55@ .65	.70@ .80
May .....	.60@ .66	.80@ .90
June .....	.66@ .79	.73@ .90
July .....	.66@ .75	.78@ .90
August .....	...@ .82	.80@ .96
September .....	.65@ .82	.80@ .90
October .....	.94@1.00	1.00@1.13
November .....	.85@ .90	.95@1.05
December .....	.85@ .90	.95@1.00

The price of corn and oats on the first day of each month during the year is shown in the following table:

1853	Corn	Oats
January	\$0.39@0.55	\$0.33@0.35
February .....	.38@ .41	.34@ .35
March .....	.40@ .45	.33@ .34
April .....	.36@ .40	.30@ .34
May .....	.40@ .46	.34@ .40
June .....	.45@ .50	.37@ .40
July .....	.47@ .50	.30@ .32
August .....	.58@ .65	.34@ .37
September .....	.56@ .60	.29@ .32
October .....	.54@ .55	.26@ .27
November .....	.48@ .50	.26@ .28
December .....	.47@ .48	.27@ .28

The yield of the coarse grains in 1853 was above an average, and they were not influenced in price by the war excitement to the same extent as wheat.

The packing season of 1852-53 was not a successful one for the western packers, because they paid too much for hogs. They were not disposed to repeat the mistake the next year, and little was done in the fall of 1853 until well along in December, when the farmers concluded to accept \$3.00@3.50, live weight. Before the close of the year even lower prices were reached.

Beef packers paid \$2.50@3.25 live weight, or \$5.00@5.50 dressed, for cattle in October, November and December, the months which constituted the beef-packing period. The average market price of mess beef at the close of the packing season was \$11.00@12.00 per barrel.

Mess pork fluctuated less in price than any other important article of produce, the extremes for the year being \$15.00@16.00 per barrel.

Sales of corn and oats for future delivery, mainly "to arrive" from Canal or Illinois River points, were common, and that sellers sometimes sold too much "short" is indicated by an item in the "Journal" of May 13. It reads: "High price of corn is due to scarcity of boats on the canal, rendering parties on the Illinois River unable to send forward but little more than sufficient to supply contracts previously made for delivery at this point. In some cases even doubts are entertained of the ability of contracting parties to fill engagements against the time stipulated for, and some speculative feeling has been observable in consequence."

Illinois and Michigan Canal freights on corn at this time were:

7 cents per bushel from Beardstown to Chicago.

6 cents per bushel from Peoria or Pekin to Chicago.

4 cents per bushel from La Salle to Chicago.

Charters were made in March at $5\frac{3}{4}@6$ cents per bushel on corn to Buffalo; in April at $6\frac{1}{2}@7$ cents; in May and June at $4@5$ cents; in July at $3\frac{1}{2}@4$ cents; in August, $1\frac{1}{2}@2\frac{1}{2}$ cents; in September, $3@9$ cents; while in October and November as high as 13 cents was paid on corn and 15 cents on wheat to Buffalo.

Freights on the Erie Canal were 16 cents on wheat and $12\frac{1}{2}$ cents on corn from Buffalo to New York on the 20th of May, 24 cents in September and October.

In the hope of securing action by Congress looking to the improvement of the harbor, the Board of Trade sent Thomas Hale and Orrington Lunt to Washington to urge the necessity of immediate relief, but without avail.

1854

✓ Chicago became a great city because it was located at the point where rail and water transportation meet, and upon a route which offered cheaper freights from the interior to the seaboard than could be afforded elsewhere. Its selection as the terminus of the canal from the Illinois River to Lake Michigan gave it an initial advantage over Michigan City, Milwaukee and all other would-be rivals on the lake, which the construction of two or three short railroads made permanent, and which no "cut-off" such as the one from La Porte, or any other point on the Michigan Central or Michigan Southern, to Joliet or elsewhere, could seriously threaten. A careful study of the reported charters during the six years which followed the opening of the Illinois and Michigan Canal leads to the conclusion that the average freight on a bushel of corn from Chicago to Buffalo during those years was not far from $7\frac{1}{2}$ cents, and the average freight from Buffalo to New York on the Erie Canal, about $13\frac{1}{2}$ cents. Elevating and other charges at Buffalo, insurance, interest, etc., might bring the total average cost from Chicago to New York up to 25 cents a bushel on corn, and 28 or 29 cents per bushel on wheat. The arrival in Chicago of a large fleet of vessels when little grain was in store, sometimes depressed freights to less than one-half the figure which is here assumed to have been the "average" rate; but at less than $3@3\frac{1}{2}$ cents on corn, vessel owners usually preferred to load on their own account. Few sailing vessels then in the lake grain trade carried more than 15,000 bushels of corn, and this load at $3@3\frac{1}{2}$ cents per bushel was not very remunerative to the vessel owner.

Oswego and Rochester were at this time the great milling centers of the country, the former producing nearly three-quarters of a million barrels yearly, and Rochester almost as much. Notwithstanding the great strides Chicago had made as a wheat mart, it was still a small factor in the general wheat trade of the country, less than a fourth of the receipts of wheat at Buffalo in 1853 having

been shipped from the western metropolis. On the other hand, a large percentage of the 3,665,793 bushels of corn received at Buffalo came from Chicago, and the same was true of oats, receipts of which at Buffalo amounted to 1,480,655 bushels. ("Democratic Press," February 6, 1854.)

In January, 1854, the Great Western Railway of Canada was opened from Windsor (opposite Detroit) to Niagara Falls, giving another all-rail route from Chicago to the East via the Michigan Central Railroad; and on the 22d of February the Chicago & Rock Island road was opened to its western terminus, giving Chicago its second all-rail line (the first direct line under one management) to the Mississippi River. Trains began running on the Illinois & Wisconsin Railroad to Deer Grove, thirty miles from Chicago, on the 10th of February, 1854. This road afterwards became part of the Chicago & Northwestern railway system.

About the middle of February, all available grain storage room was filled, and on the 16th of March a statement of the amount of grain in store in Chicago (668,097 bushels, all told) includes 22,000 bushels of wheat and corn stored in the brigs "Walbridge" and "Roscius." The largest amount in any one house was 94,000 bushels, which was probably the capacity of S. B. Pomeroy's elevator. As the opening of navigation approached, conditions did not improve, although the eastern railroads were carrying considerable quantities of spring wheat to Michigan mills, perhaps to be made into Michigan winter wheat flour. Vessels were converted into warehouses, every possible inch was crowded to its utmost capacity, and still the cry was "room." ("Democratic Press," April 5, 1854.) Even as late as the 10th of June the Galena & Chicago Union Railroad declared a temporary embargo on shipments to Chicago on account of the crowded condition of the warehouses.

In a manual of the railways of the United States at this time, Illinois is in second place with 3,277 miles built or building, Ohio being first with 4,191 miles.

A convention met at Detroit on the 1st of March, 1854, to devise a plan for improvement of the St. Clair flats. After organizing and electing a president and secretary, and after the appointment of committees, it adjourned to meet in Chicago on the 8th. The Board of Trade placed its rooms, 21 Dearborn Street, at the disposal of the convention. The discussion covered a wide range of subjects, the proposed American canal around Niagara Falls being opposed by the delegates from Buffalo, while the committee on improvement of the St. Clair flats was not ready to make a full report. ("Democratic Press," March 11, 1854.)

The Chicago delegates to the Marine Convention having failed to secure an endorsement of the Niagara ship canal, important action was taken by the Board of Trade at a meeting held on the

11th of March. Thomas Richmond proposed, and the Board unanimously adopted, a resolution favoring the project and requesting the delegation in Congress from the state of Illinois to support it by their influence and votes.

A resolution was also adopted, without dissent, "that a committee of five be appointed to superintend the cleaning out of the harbor," and as it was feared the fund raised for the purpose might be insufficient, another committee was appointed to urge the common council to make an "appropriation for the purpose of clearing away the bar at the mouth of the harbor and keeping the same dredged out for the coming year." Committees were also appointed at this meeting to examine the St. Clair flats and report upon the best means of "removing the obstructions they offer to navigation." The president and secretary of the Board were requested to correspond with the proper official with reference to the improvement of navigation in the Illinois River.

Still another committee was appointed to procure rooms for the ensuing year. ("Democratic Press," March 14, 1854.)

The citizens of Chicago, despairing of help from Congress, subscribed a thousand dollars for the improvement of the harbor, with the understanding that the money was to be expended under the direction of the Board of Trade. The president of the Board of Trade applied to the War Department for the privilege of using the Government dredge, which was lying idle in the Chicago River, to cut a channel through the bar at the mouth of the harbor. The War Department rejected the application, and a joint committee of the common council and the Board of Trade thereupon adopted the hazardous resolution that they would use the dredge anyhow. They did; but before they had removed the bar, Lieutenant Colonel Graham, United States engineer in charge of the harbor work, on orders from Washington, politely demanded that the dredge should be again placed in his possession. This was done and "the incident was closed." Colonel Graham, however, put the dredge at work and early in August a channel 600 feet wide and from 11½ to 13 feet deep was found by representatives of the Board of Trade and the common council, who had been invited to inspect the work. This was sufficient depth of water for the vessels then navigating the upper lakes.

The Board of Trade at its semi-annual meeting in October adopted a vote of thanks to Colonel Graham for his effective work upon the harbor.

The sixth annual meeting of the Board of Trade was held April 3, 1854, when the following officers were elected:

President, George A. Gibbs, who received 17 votes out of a total of 25.

Vice-President, W. D. Houghteling.

Secretary and Treasurer, James E. Dalliba.

As usual, a committee was appointed to procure suitable rooms for the Board. The meeting then adjourned for one week, and at the adjourned meeting it was resolved to print the constitution and by-laws in pamphlet form, embracing the names of the actual members of the Board and the newly elected officers.

At a meeting held early in May the committee on rooms reported that they had secured commodious quarters over Purington & Scranton's store, corner of Wells and South Water streets, at an annual rental of \$250.00, and the Board ratified this action. W. D. Wilson was allowed the use of the rooms as compensation for taking care of them.

Early in its history as a grain market, Chicago discarded the antiquated method of buying and selling grain by the measured bushel, and adopted the system of buying and selling by weight. The dispute whether 56 or 60 pounds should constitute a bushel of shelled corn still continued, but the standard bushel of wheat was 60 pounds and of oats, 32 pounds.

It is believed that all the Lake ports followed the lead of Chicago in this reform, but the merchants in New York adhered to the old system, and there was much wrangling and dissatisfaction among shippers, in consequence.

The Buffalo grain merchants, compelled to buy in the West by weight, and to sell in New York by measure, felt the inconvenience keenly, and in June, 1854, the Buffalo Board of Trade adopted the report of a committee of that organization which was (in part) as follows:

"Whereas, it is the custom in this city, and also with dealers at all western ports to buy, sell and ship all kinds of grain by weight, and whereas it is the custom in the city of New York to sell and deliver grain by measuring in sealed half-bushel measures, it is therefore

"Resolved, That this Board of Trade strongly disapprove of the practice of measuring grain as now existing in the city of New York, and view it as detrimental to the interest of produce dealers generally, and particularly to those making shipments direct to that market, occasioning thereby unnecessary delays in unloading boats, and vexatious disputes and losses to shippers and owners of grain.

"Resolved, That this Board view the antiquated custom of measuring grain as practiced in the city of New York, as an incorrect and illegal method of ascertaining the number of bushels, and the practice ought to be abolished and an uniform system of selling and delivering by weight, adopted.

"Resolved, That this Board respectfully recommend to shippers here and elsewhere that they instruct their consignees and agents in the city of New York to sell and deliver grain by weight according to the statute law of the State regulating the

number of pounds to the bushel, and furthermore that shippers be requested to note the instructions in this regard on their Bills of Lading."

Another resolution called upon the President of the Corn Exchange in New York, and the President of the Boards of Trade at Albany and Oswego, to "co-operate in establishing a uniform system of delivering all kinds of grain by weight."

Probably this action of the Buffalo Board of Trade was inspired by the shippers of Chicago and other western ports, as it has been proposed by some of them that Buffalo should lead in this reform. (Democratic Press, June 17, 1854.)

A little later in the year the Board of Trade of the city of Chicago adopted the following:

"Resolved, That the Board of Trade concur most fully in the preamble and resolutions passed by the Board of Trade of Buffalo, touching the old and uncertain mode of testing the quantity of grain by the use of the half-bushel as practiced in the Atlantic cities, and do most earnestly request the Board of Trade in those cities to substitute the scales or balance for the half-bushel, and that this Board of Trade request the Boards of Trade of Milwaukee, Detroit, Toledo, Cleveland and all other shipping ports to co-operate with us in the effort to accomplish this desirable object."

Whether the Chicago Board was instrumental in bringing about the action of the Buffalo Board of Trade above referred to, or not, its influence was exerted unreservedly in favor of the needed change in the custom of handling grain at the seaboard, and ultimately, western methods were adopted in all the eastern cities. To this reform, without which the enormous volume of grain shipped from Chicago and other western ports to the seaboard in after years, could not have been handled there, may be traced all the improved methods of inspecting, grading, storing and transporting grain in bulk, which have revolutionized the trade of the world. None of these would have been possible under the old custom of measurement by the half-bushel.

The portion of the Chicago and Mississippi railroad between Bloomington and Chicago was finished, and on the 31st of July trains began running over the line to Alton direct, instead of via La Salle and the Illinois Central main line to Bloomington as hitherto.

During the summer, J. S. Root rented a new elevator with a capacity of 300,000 bushels, which had been built by M. O. Walker, but the want of storage room was still keenly felt, and the burning of Steel's elevator on the 20th of August, added to the difficulty of caring for the produce which was pouring into Chicago. The Democratic Press of September 13th says, "The piles of grain now lying uncovered in our streets, the choked and crowded thorough-

fares, the overloaded teams, the bursting bags, * * * all testify to a wide-felt want of room. Consignments from the country whose owners have been for weeks anxiously awaiting opportunities for forwarding, are at this moment actually detained for want of the necessary facilities for transportation. We want more warehouses, * * * we want more banks and more capital. We want more cars and locomotives," etc., etc.

A little later in the month a Chicago correspondent of the New York Journal of Commerce (Democratic Press, September 23rd), says, "The warehouses and mills and cars are full of grain, and it can't be got rid of fast enough to make room for what is pressing to market. Corn on the Illinois River is offered at a wide margin for profit because there are not facilities to ship it. The Rock Island, the Chicago and Galena, and the Chicago & Mississippi Railroad, can't begin to carry the freight offered."

Thirty-six members were present at the semi-annual meeting of the Board of Trade, October 2nd, and twenty new members were admitted.

A favorite idea among the early merchants of Chicago was direct trade with European ports through the Lakes and the St. Lawrence River without breaking bulk, and when in the autumn of 1854 the Reciprocity Treaty with Canada was negotiated and navigation of the St. Lawrence became free to American vessels, this project seemed near realization. In the latter part of November, 1854, the following notice was posted conspicuously in the Board of Trade rooms:

"TO SHIP OWNERS.

"Wanted 1 vessel for Liverpool,

"Wanted 1 vessel for Glasgow,

"Wanted 1 vessel for Cork for orders.

"These ships must be first-class, and can be profitably employed in the coasting trade between England and Ireland, and English ports during the winter months, taking out passengers to Quebec in the spring, should they not be able to get further than Quebec at a proportionate rate for Quebec.

"Apply to

"Wm. Kernaghan,

"188 South Water St."

In a letter to the Democratic Press whose editor had questioned the good faith of the advertisement, the advertiser makes the interesting statement that the lake vessels were as large and heavy as those trading between Great Britain and the Mediterranean, Black, and Baltic Seas, "ships over 250 tons not being great favorites with corn merchants or corn underwriters."

During the autumn the Board of Trade fixed 11:30 to 12:30 as the hour of the daily meeting.

On the 30th of October the G. & C. U. R. R. began running trains to Galena, giving Chicago a third connection with the Mississippi River and making it the Lake shipping point for the grain of the Upper Mississippi Valley. About the same time Peoria was added to the list of towns tributary to Chicago, by the completion of the Peoria and Bureau Valley Railroad and its junction with the C. & R. I. R. R.

Early in December the Central Military Tract Railroad was finished from its junction with the Chicago and Aurora at Mendota, to Galesburg, adding the rich country along these lines (which later became the Chicago, Burlington & Quincy R. R.) to Chicago territory, and before the year closed the main line of the Illinois Central was completed to Cairo, giving Chicago a fourth railroad outlet (via La Salle) and the main line of the Illinois Central to the Mississippi River.

In its Annual Review of the Commerce of Chicago for 1854, the Democratic Press (January 19, 1855) gives a list of seventeen railroads with a completed mileage of 2,436½ miles, all of which had rail connection with Chicago at the close of the year 1854, and over which nearly one hundred fully loaded trains arrived in Chicago and departed therefrom daily.

The Lake tonnage of the Chicago District had increased during the year from 29,306+ tons to 44,295+ tons, a gain of more than 50 per cent. The total tonnage of the Lakes at the close of the year was 237,820 tons, valued at \$10,185,000. The population of the city had increased about 25 per cent, and notwithstanding the very late opening of navigation, insufficient storage facilities for grain, the obstructions to commerce at the mouth of the harbor, in the Illinois River, and the St. Clair flats, several breaks in the Illinois and Michigan canals, the ruinous drouth of the late summer and fall, and the bank panic, the growth of trade in nearly all departments of business was amazing. It reminded the editor of the Press, "of the figure of a young and beautiful damsel, whose round form and budding proportions are fast bursting from the limited and straining vestments which sufficed her girlhood, and demanding a costume of more flowing dimensions and costly texture."

Sales for future delivery were increasingly frequent in 1854, stimulated by the Crimean War, and it is evident that speculation was not confined to the Chicago grain market. New Orleans papers of the 13th of January report a contract for 150,000 bushels corn deliverable in the following March and April. The "Democratic Press" of Chicago, January 31st, says, "There is a strong disposition to operate for future delivery here and elsewhere, on the part of buyers, but holders in store are extremely sanguine and quiet."

On the New York Exchange there was considerable speculation in flour, and the New York Times of March 1st speaks of forced purchases of flour to fill contracts maturing on the last day of February. In the weekly review of the grain market on the 12th of March, the Democratic Press, speaking of the arrivals of corn "in the last three days" which amounted to 70,000 bushels, says "by far the greater proportion is for shipment on contracts already made."

The St. Louis Evening News had the following, which was reprinted in the Chicago Journal of March 29, 1854: "Wheat contracts, flour contracts, and purchases of corn, weeks and months since, during the inflation, are beginning to mature and some to fall through, as they usually do when there is a sudden depression or inflation in prices. * * * We have seen during the past few weeks heavy arrivals of flour, grain, provisions, etc., which were bought during high prices, received and paid for cheerfully. * * * The truth is it requires considerable moral honesty, and a fair share of mercantile integrity, to receive and pay for large purchases of grain which have declined from 25 to 35 cents per bushel, and flour which has slipped down \$1.00 to \$1.50 per barrel, but nevertheless, it is done, we may say daily and hourly in this city."

The "Journal" of April 21st says that "the purchaser of 100,000 bushels of corn a short time since at 50 cents contracted to be delivered on board in July has realized a cool \$3,000.00 by a re-sale of one-half of the same to parties in New York."

So many instances of purchases for future delivery are cited in the market reports of the newspapers during the first few years of the Board's existence that any one who consults these files will be convinced of the magnitude of the trade. There were few professional speculators in Chicago then; perhaps none. But every grain merchant was ready "to take a chance," and opinions about future values differed then as they do today. The trade in futures began in a perfectly natural way. The storage capacity of Chicago was limited. It frequently happened that a northeast wind brought in a large fleet of vessels when there was little grain in Chicago, but plenty of corn and oats in storehouses along the line of the Canal or Illinois River, and in later years along the railroads. Under these circumstances it was a convenience to the vessel owner, and to the Chicago grain merchant as well, if some holder of grain in the country, or some Chicago agent of such country owner, would agree to deliver it in Chicago within a specified time, i. e., "to arrive in 5 days," or "to arrive in 10 days." Sometimes the local market was unduly stimulated by a demand to complete cargoes of vessels under charter, and country holders who could not ship their grain in time to sell on such a "bulge" might be glad to accept something less for shipment the next week, or the next month.

The following tables taken from the Annual Review of the

Commerce of Chicago, for 1854, published by the Democratic Press, January 19, 1855, show the increase in the grain and provision trade in the year 1854, when Chicago began to come into its own. There are several inaccuracies in them, errors in addition, etc., but the figures are given here as they originally appeared.

Receipts of Barrels of Flour

	1853.	1854.
By Lake	2,265	5,158
" Canal	7,223	17,623
" Galena R. R.....	30,702	62,915
" Michigan Southern R. R.....	.....	963
" Michigan Central R. R.....	7,411	2,036
" Rock Island R. R.....	696	68,751
" C. & Miss. R. R.....	.....	1,120
Made in City.....	82,833	66,009
Total	131,130	224,575

Shipments of Barrels of Flour

	1853.	1854.
By Lake	70,984	58,573
" Canal	1,107	520
" Galena R. R.....	445	3,394
" Michigan Southern R. R.....	.....	27,365
" Michigan Central R. R.....	666	15,476
" C. & R. I. R. R.....	.....	457
" Ill. Central R. R.....	988	1,736
" Ill. & Wis. R. R.....	.....	96
" C. & Miss. R. R.....	.....	10
City consumption and balance on hand...	56,940	116,948
Total	131,130	224,575

Receipts of Wheat in Bushels

	1853.	1854.
By Lake	62,031	12,279
" Canal	352,103	1,066,194
" Galena R. R.....	901,366	1,391,163
" Michigan Southern R. R.....	.....	3,835
" Michigan Central R. R.....	15,081	4,360
" C. & R. I. R. R.....	44,115	293,270
" Ill. Central R. R.....	14,789	30,352
" Ill. & Wis. R. R.....	.....	36,123
" C. & Miss. R. R.....	.....	1,379
" Teams	297,980	200,000
Total	1,687,465	3,038,955

Shipments of Wheat in Bushels

	1853.	1854.
By Lake	1,206,163	1,650,489
" Canal	1,618	863
" Galena R. R.....		3,358
" Michigan Southern R. R.....		125,127
" Michigan Central R. R.....	102,267	325,976
" C. & R. I. R. R.....		248
" Ill. Central R. R.....		44
" C. & Miss. R. R.....		620
Ground by Chicago Mills.....	372,748	330,000
Used by Distillers.....	3,000	.....
Shipped, consumed, on hand and unaccounted for		402,230
Total	1,685,796	3,038,955

The error of 200,000 bushels (in addition) probably means that the Lake shipments should be increased by that amount, which would make the total shipments of wheat for the year 2,306,725. Indeed, it is probable that some of the item of 402,230 bushels "unaccounted for, on hand, etc." went out by Lake, and that total shipments for the year approximated 2,500,000 bushels.

Receipts of Corn for Two Years

	1853.	1854.
By Lake		1,808
" Canal	2,481,334	4,396,995
" Galena R. R.....	228,505	2,038,743
" Michigan Southern R. R.....		
" Michigan Central R. R.....	1,823	328
" C. & R. I. R. R.....	17,862	564,757
" Ill. Central R. R.....	3,595	229,566
" Ill. & Wis. R. R.....		56,574
" C. & Miss. R. R.....		1,982
" Teams	136,220	200,000
Total	2,869,339	7,490,753

Shipments of Corn for Two Years

	1853.	1854.
By Lake	2,739,552	6,626,054
" Canal		1,725
" Galena R. R.....		13,305
" M. S. R. R.....		12,812
" M. C. R. R.....	40,676	184,003
Ground at City Mills.....		18,500
Used by Distillers.....	81,000	100,000
On hand, consumed & unaccounted for	8,111	534,354
Total	2,869,339	7,490,753

Receipts of Oats for Two Years

	1853.	1854.
By Canal	971,350	1,566,330
“ Galena R. R.....	472,829	1,772,659
“ Teams	402,729	400,000
“ C. & R. I. R. R.....	11,810	259,371
“ Ill. Central R. R.....	16,779	118,012
“ Eastern Railroads.....	273	.....
“ Ill. & Wis. R. R.....	.....	77,792
“ C. & Miss. R. R.....	.....	155
“ Lake .....	.....	66
Total	1,875,770	4,194,385

Shipments of Oats for Two Years

	1853.	1854.
By Lake	1,633,842	2,959,715
“ Canal	483	1,003
“ M. S. R. R.....	.....	39,733
“ M. C. R. R.....	114,169	229,469
“ Ill. Central R. R.....	.....	67
Consumed, on hand & unaccounted for	127,276	964,398
Total	1,875,770	4,194,385

Receipts of Rye for Two Years

	1853.	1854.
By Lake	22	.....
“ Canal	3,948	5,129
“ Galena R. R.....	76,676	69,683
“ C. & R. I. R. R.....	517	5,751
“ Ill. Central R. R.....	635	432
“ Ill. & Wis. R. R.....	.....	696
“ Teams	4,364	4,000
Total	86,162	85,691

Shipments of Rye for Two Years

	1853.	1854.
By Lake	81,594	39,175
“ Canal .....	.....	1,380
“ M. C. R. R.....	568	576
“ C. & R. I. R. R.....	.....	22
Used by Distillers.....	4,000	44,538
Total	86,162	85,691

Receipts of Barley for Two Years

	1853.	1854.
By Lake	1,576	26,103
" Canal	25,610	641
" Galena R. R.....	135,429	143,340
" M. S. R. R.....		203
" M. C. R. R.....		219
" C. & R. I. R. R.....	972	958
" Ill. Central R. R.....		94
" Ill. & Wis. R. R.....		206
" Teams	28,800	30,000
Total	192,387	201,764

Shipments of Barley for Two Years

	1853.	1854.
By Lake	79,689	33,683
" Canal	51	53,711
" M. S. R. R.....		9,913
" M. C. R. R.....	40,527	39,586
" C. & R. I. R. R.....		1,473
" C. & Miss. R. R.....		10,046
Used by Brewers	72,120	53,352
Total	192,387	201,764

The following shipments of grain from Chicago in 1854 were, as follows, according to the Annual Review from which the foregoing tables are taken:

	Bushels.
Wheat	2,106,725
Corn	6,837,899
Oats	3,229,987
Rye	41,153
Barley	148,421
Flour (wheat).....107,627 barrels =	538,135
Total	12,902,320

These figures entitled Chicago merchants to claim for it the distinction of being the greatest primary grain market in the world, basing their claim upon the following table of exports from the great shipping ports of the Old World, as well as those in the United States:

Odessa	7,040,000
Galatz, Braila	8,320,000
Dantzic	4,408,000

St. Petersburg	7,200,000
Archangel	9,528,000
Riga	4,000,000
New York.....	9,430,325
St. Louis	5,081,468
Milwaukee	3,787,161
(Toledo, with shipments of.....	6,608,934
should have been included in this list.)	

The beef packing of the year 1854 was conducted by G. S. Hubbard & Co., R. M. & O. S. Hough, Cragin & Co., Reynolds & Haywood, Andrew Brown & Co., B. Carpenter, Tobey & Booth, F. L. Kent.

The total number of cattle packed was 23,691; and 10,557 head were shipped to eastern markets over the M. S. R. R. and the M. C. R. R. The total shipments are said by Colbert (p. 59) to have been 11,221 head. The value of the beef packed in 1854 was \$865,773.11.

Packers paid \$3.00@ \$3.50 live weight for most of the cattle slaughtered during the beef-packing season in October and November.

The receipts of hogs during the year 1854-5 were 138,515 (Democratic Press, March 24, 1855), of which more than half (74,379) had been slaughtered in the country and were known as "dressed hogs."

The number of hogs packed in Chicago in the season 1854-5 was 73,694, and the number shipped, 54,156.

Prices paid for hogs by packers in 1854 were very much less than in the previous year, the season opening November 1st at \$3.00@ \$3.50 for dressed hogs and showing little change prior to January 1st, 1855.

Lumber

The receipts of lumber in 1854 amounted to 228,336,783 sq. ft., and the shipments to 133,131,872 sq. ft.

The tables illustrate so fully the marvelous growth of the city's grain and provision trade that little remains to be said. Receipts of flour and wheat were practically double those of the preceding year; receipts of corn two and a half times as great; of oats the percentage of increase was almost as much.

A slight falling off in the movement of cattle was more than made up by an increase of almost 100 per cent in the number of hogs received. Although the number of hogs packed in Chicago did not increase in the same proportion, it showed a gain of about 50 per cent.

The importance of a railroad line to the Pacific Ocean had been recognized since the discovery of gold in California in 1848 started a stream of emigrants toward that distant land, of such propor-

tions that in four years the State had a population of more than a quarter of a million people. Unfortunately the repeal of the Missouri Compromise in 1854 aroused sectional feeling between the North and the South to such an extent that no agreement could be reached as to the route which should be followed. New Orleans, Natchez and Memphis were points favored by the South as eastern terminals, while St. Louis pressed its claims.

Meanwhile, Jefferson Davis, Secretary of War, was obstructing to the best of his ability, the construction of the railroad bridge across the Mississippi River which the Chicago and Rock Island Company had nearly completed, and which would connect their line in Illinois with an Iowa line already building towards Council Bluffs.

Two new elevators with a capacity of 300,000 and 500,000 bushels respectively were begun in 1854, besides the Root elevator already mentioned, but neither of them was finished until the following year, and the storage capacity of the city did not exceed 750,000 bushels at the close of the year 1854, or barely 150,000 more than it was in the winter of 1848-49.

Transportation

High freights were the rule in the early part of the year, although in January a charter was made for the season at 6 cents per bushel on corn from Chicago to Buffalo. In February charters were made at 12½ and 13 cents on wheat to Buffalo, probably including storage till opening of navigation, and

In March 13½ cents was paid on corn to Buffalo.

In March 15 cents was paid on wheat to Buffalo.

In March 22 cents was paid on wheat to Oswego.

In April 13@14 cents was paid on corn to Buffalo.

In May and June 10@11 cents was paid on corn to Buffalo.

In July 4@9 cents was paid on corn to Buffalo.

In August 4@5½@6 cents was paid on corn to Buffalo.

In September 7@9 cents was paid on corn to Buffalo.

In October 8@12 cents was paid on corn to Buffalo.

In November 11@17 cents was paid on corn to Buffalo.

Higher rates were paid to steamers. On the 29th of November a charter (steam) is reported at 21 cents on corn to Buffalo.

For some reason not now apparent, rates on the Erie Canal were not proportionately high. The earliest freights quoted were 14 cents on corn from Buffalo to New York, on the 1st of May. Other quotations were, as follows:

Freight on Erie Canal, Buffalo to New York

May 5, 15c; May 19, 12c; June 29, 12c; July 8, 12c; Sept. 28, 12@12½c; Oct. 4, 12½@13c; Oct. 17, 12c; Oct. 20-21, 12½@13c; Nov. 2, 16c; Nov. 8, 16½@17c; Nov. 9, 15c; Nov. 21, 16@17c.

Lake freights from Chicago to Oswego were usually 3 to 5 cents per bushel above the rate to Buffalo, although a greater difference was sometimes paid when rates were very high.

Railroad rates in the spring of 1854 on third class freight, which included grain in bags, salted beef and pork in casks, etc., were \$1.02 per hundred pounds. Some flour was moving from St. Louis to New York via Wheeling and Baltimore at this time, at \$1.65 per barrel, which was said to be 40 cents per barrel under the rate from St. Louis to New York via New Orleans. If lake freights had not been abnormally high this flour would have been shipped via Chicago.

A severe drought in the summer and autumn of 1854 was felt throughout the Ohio Valley, Kentucky, Tennessee, the southern and central parts of Indiana and Illinois, and in Missouri. Pittsburgh papers pronounced it the worst drought ever known there. Estimates of the damage to the corn crop of the West ranged from 25 to 50 per cent, but increased acreage partially compensated for the diminished yield per acre. The wheat crop was an average one; the crop of oats somewhat below normal, in yield, at least.

Price fluctuations were frequent and violent. The threatened participation of France and England in the Crimean War as the allies of Turkey, and the postponement of hostilities from time to time, with rumors of a peaceful settlement of the difficulties, made the Chicago grain market erratic in the extreme, and advances and declines of 10@15 cents in wheat within a few days were frequent.

The corn market sympathized only partially in these wild fluctuations, but exhibited independent strength in the autumn as soon as the damage to the growing crop became manifest.

The crop of oats was somewhat below the average in yield, but the course of prices and the immense receipts at Chicago indicate that there was no serious shortage, and probably increased acreage fully offset the small yield.

The wheat crop of Great Britain in 1854, estimated at 148 million bushels, was nearly three times as large as the poor crop of the previous year, and almost sufficient for home requirements. But for the Crimean War, prices in America, as well as in Europe, would have been low.

The following table gives the price of spring wheat, corn, oats and mess pork in the Chicago market on the first day of each month during the year 1854:

	Spring Wheat.	Corn, per bu. of 60 lbs.	Oats.	Mess Pork.
January	92- 95	33-40	26 -26½	12.50-13.00
February	117-120	45-46	30 -31	12.50
March	104-106	49-50	27 -28½	13.00
April	100	43-44	26½-27	13.00

	Spring Wheat.	Corn, per bu. of 60 lbs.	Oats.	Mess Pork.
May	125-130	43-45	30 -31	12.00-12.50
June	128-130	45-46	30 -31½	12.00-12.50
July	95-100	50-51	31 -33	12.00
August	95-110	54-55	29 -30	12.00
September	100-120	60-61	32 -33	13.00-13.50
October	90-105	54-55	33 -34	13.00
November	120-125	50-52	32 -33	12.50-13.00
December	100-110	46-47	28	11.00-12.00

1855

There was great dissatisfaction in Chicago on account of the selection of a lot on the corner of Dearborn and Monroe Streets by the U. S. Government as a site for a Custom House and Post Office. Everybody felt that it was too far from the center of business, and many indignation meetings were held in the hope of inducing the Secretary of the Treasury to change his decision. The Board of Trade, on the 22nd of January, "better late than never," as one of the newspapers indicated, adopted a resolution advising the sale of the lot which had been purchased somewhat secretly, and the selection of a building site more convenient for the business men of the city. No attention was paid to this recommendation, or to the wishes of the citizens of Chicago, as expressed by the Common Council.

The winter of 1854-5 was marked by the heaviest snow-fall in twenty years, and all railroads leading to Chicago were blocked by snow-drifts much of the time. Receipts of grain were light in consequence of the snow blockade, and because the railroads were unable to bring in the great number of dressed hogs which were awaiting transportation from the interior, and which, as perishable property, were given preference.

On the 8th of March a fifth all rail route to the Mississippi River was opened over the Chicago and Aurora to Mendota, the Central Military Tract R. R. to Galesburg, and the Peoria and Oquawka to Burlington, Iowa, and the result was the diversion of the trade of a rich portion of Iowa from St. Louis to Chicago.

The grain storage of the city was again taxed to its utmost capacity before the winter was over, and vessels in the river were loaded in an effort to make more room for fresh arrivals. Lack of storage was undoubtedly responsible for the fact that early in March Milwaukee elevators held 397,000 bushels of wheat against 354,180 bushels in Chicago.

In the latter part of March, Gibbs, Griffin & Co.'s elevators on North Water Street, west of Wells Street, capacity 500,000 bushels, and Munger & Armour's, capacity 300,000 bushels were completed

and began to receive grain, more than doubling the storage facilities of the city. Small as the larger of these elevators was, judged by modern standards, it was a great advance upon anything previously attempted, and was considered at the time a "gigantic" affair, with its river frontage of 60 feet, Galena Railroad frontage 110 feet and depth 190 feet.

On the 16th of March President Pierce issued his proclamation announcing that the Reciprocity Treaty with Canada was in effect from that date.

"Scotch George" Smith was still putting into circulation the bills of the Bank of the Interior, a Georgia institution which he owned, and whose issues he guaranteed by advertisements which he inserted in the daily press of the City.

Some other Chicago bankers bought, or organized, banks in Georgia, and put the issues of these "banks" in circulation in the City, while others used every effort to discredit this so-called "wild cat" currency, and the result was a warfare which seriously interfered with the business of Chicago and its tributary territory.

Early in 1856, a committee of the Georgia Legislature made an examination of the affairs of the Bank of Atlanta, one of George Smith's institutions, and recommended the revocation of its charter, and urged that criminal proceedings be instituted against its officers. (Democratic Press, February 7, 1855.) George Smith was bitterly denounced for his financial methods. The Legislature, however, by a two-thirds vote laid the report of the committee on the table, thus, in effect, exonerating Mr. Smith.

The total number of hogs packed in the West during the last packing season, November 1st, 1854, to March 1st, 1855, was, according to a statement issued April 4th by the Cincinnati Price Current, an acknowledged authority on the subject, 2,124,104, a deficiency of 349,403, compared with the previous season. This decrease, however, was nearly all in the Ohio and Central Mississippi Valleys, the States of Ohio, Indiana, Kentucky and Tennessee showing a great falling off, Missouri remaining almost stationary, and Illinois and Iowa showing large gains. Wisconsin packing decreased about 20 per cent.

Ohio with 571,105, and Indiana with 505,830 still led the packing business of the West, Illinois reporting only 413,946 at the 46 packing points enumerated. Of these, the only ones outside of Chicago which packed more than 20,000 hogs were: Beardstown, 22,400; Quincy, 32,443; Alton, 23,000; Canton, 28,170; Peoria, 30,000; Springfield, 23,000.

St. Louis is credited with packing 89,830, and Milwaukee 34,000.

Cincinnati, which was ahead of all rivals as a packing center, although closely followed by Louisville, was reported some weeks earlier to have packed 355,786 hogs during the season, this being more than 75,000 less than the previous season's packing.

The Seventh Annual Meeting of the Board of Trade was held at the rooms of the Board, April 2nd, 1855. The following officers were elected:

Hiram Wheeler, President.

S. B. Pomeroy, Vice-President.

W. W. Mitchell, Secretary and Treasurer.

The Post Office came up again for discussion and a committee of three was appointed to inquire into the expediency of taking measures to secure a re-location of the same.

A committee of five was appointed to receive subscriptions for improvement of the St. Clair Flats, according to a plan proposed by the Buffalo Board of Trade.

At the adjourned meeting of the Board held on the following Monday, it was resolved that the daily meetings should begin at 11:30 o'clock, A. M. Several new members were admitted and a committee was appointed "to take measures for securing a proper and permanent location for the Board."

Early in May it was announced in the daily press that the Board of Trade had voted "to have its daily meetings on 'Change at 9:30 o'clock, instead of 11:30 as heretofore." This change of hour was a decided improvement, the meetings were well attended, and much of the business was despatched in the early part of the day. (Democratic Press, May 10 and 12, 1855.)

Navigation did not open until after the 1st of May, and notwithstanding the great increase in warehouse facilities provided by the Gibbs-Griffin and Munger & Armour elevators, and the quantity of grain put afloat in vessels, all the storage room in the city was filled, and on the 5th of May it was announced that there were no buyers for corn in bulk, because there was no place to unload it. The fleet from Buffalo arrived a few days later, and partially relieved the congestion. (Democratic Press, May 9, 1855.) The relief was temporary, and the elevators were full again on the 16th of May.

The Lake Shore Railroad from Chicago to Milwaukee was completed, and the first train left Chicago for the Wisconsin metropolis on the 19th of May, 1855.

A new bar had formed across the direct entrance to the harbor, greatly interfering with navigation, and about the middle of July, at a meeting of the Board of Trade, a committee was appointed to collect subscriptions toward defraying the expense of dredging, and to superintend the work, it being understood that the Common Council would pay one-half the cost of a thorough opening of the channel. (Democratic Press, July 16, 1855.)

William Bross, one of the editors of the Democratic Press, and afterwards Lieutenant Governor of the State, was an enthusiastic advocate of a ship canal from Georgian Bay to Lake Ontario,

and his paper frequently urged action upon this scheme. On the 28th of July, a meeting of the Board of Trade was called to consider resolutions of the Board of Trade of Toronto offering to coöperate with the merchants of Chicago and Oswego in making a survey of the proposed route of the canal. The Board of Trade approved the idea of a survey, appointed a committee to solicit subscriptions towards the necessary expense, and asked the Boards of Trade and executive officers of Milwaukee, Toronto, Kingston, Montreal, Quebec, Ogdensburg, Oswego and Rochester to join in this preliminary work. Several hundred dollars was subscribed by members of the Board.

The delegates from Chicago, Oswego, and elsewhere, met in Toronto September 13th, resolved that the Canadian Government ought to construct "duplicate locks on the Welland Canal, or a new canal if practicable, between Toronto and Lake Huron," appointed committees "to take steps" to collect funds for a thorough survey of the proposed route between the two lakes, and adjourned. On the 16th of October, George Steel and William Bross, the Chicago committee made a report to the Board of Trade, and the Board adopted resolutions congratulating those who were interested, that Col. R. B. Mason had consented to act as chief or consulting engineer, calling upon the business men of Chicago "to contribute liberally towards the expense of the survey," and recommending that a convention be held in Montreal under the auspices of the Board of Trade of that city.

Finally a charter of incorporation was obtained, but nothing was accomplished towards the construction of the canal, and a few years later, Colbert states (page 50), "the subject has almost entirely passed away from the memory of those who were once its most earnest advocates."

The semi-annual meeting of the Board of Trade was held October 1st. The standing committee was empowered to make a lease of a suitable suite of rooms for the use of the Board. A committee of three was appointed to report to a called meeting of the Board, a tariff of commission charges.

At the adjourned meeting held on the 8th of October, the committee recommended, and the Board adopted, the following schedule:

Commission on Sales of Grain, Etc.

	Per Bushel
Wheat	2c
Corn, Oats and all other grains.....	1c
	Per cent.
On sales of other produce or property of any kind, over \$100.00	2½
On sales of other produce or property of any kind, under \$100.00.....	5

The above without advance or acceptance—that to be subject to agreement.

Without agreement:

	Per cent.
For advancing	2½
For accepting	2½
For guaranteeing sales.....	2½

On withdrawal of consignment, 2½ per cent on amount of expenses incurred, and 1¼ per cent on invoice.

On charters, 2½ per cent on freight list. For effecting marine insurance, the return premium and scrip.

On Purchases of Grain, Etc.

	Per Bushel.
For purchasing wheat from canal boat or warehouse..	1c
For purchasing wheat from railroad in small lots.....	2c
For purchasing corn by cargo.....	1c
For purchasing oats by cargo.....	½c
For purchasing corn, oats and other grain in less quantities than cargo lots.....	1c

For negotiating Bills (without agreement)... 1¼ per cent.

All expenses actually incurred to be added.

Interest to be charged as per agreement. Without agreement, 10 per cent to be the rate.

The Board adopted the following resolution:

“Resolved that the above be considered as a standard of rates proper to be charged in the absence of any specific agreement, and that members of this Board are expected to adhere to the same.”

During the year a reading room for the use of members was projected, and it was voted to subscribe for New York, Boston, Montreal, Buffalo, Oswego, Detroit and Cincinnati newspapers.

Many members of the Board were in favor of abolishing the free lunch, as the hospitality of the organization had been abused; but this seemed to others inexpedient, and as a compromise a door-keeper was employed to keep out the “deadheads.”

A condition of crop exhaustion developed in the Ohio and Central Mississippi Valleys in the spring of 1855, similar to the one already described as existing in 1850, when prices were high enough in St. Louis to draw wheat and flour in large quantities from Lake Michigan ports north of Chicago. If the situation was less acute, in 1855, and the wants of the southern country more easily supplied, the demand was equally urgent while it lasted; and if Chicago stocks of wheat were not so heavily drawn upon as in 1850, this was due to the settlement in the interim of a productive wheat region west of the Mississippi and on the upper waters of that river, whose surplus, naturally tributary to Chicago, could

be attracted to the Missouri metropolis by extreme prices. Besides, the East was in need of supplies, and if Alton millers were paying \$2.00 per bushel for choice winter wheat (Democratic Press, April 3rd, 1855), and St. Louis \$2.35, mills in Rochester, N. Y., paid \$2.55 for the choice wheat of the Genesee Valley. (Democratic Press, April 14th, 1855.)

The scarcity of corn in the region mentioned was due to the drouth of the previous year, and in some places in Southern Illinois corn was reported to have sold at a dollar a bushel. (Democratic Press, April 17th), and hay at \$20.00 per ton.

The actual scarcity of corn, the apprehension of an exhaustion of the wheat supply before another harvest, and the Crimean War combined to excite a wild speculation in breadstuffs in the spring of 1855, which soon carried them above their export value, with the result that the exports of New York from January 1st, 1855, to April 14th, were only 28,803 bushels of wheat, and 141,714 barrels of flour (Democratic Press, May 10-12, 1855), and for the next five months even less. (Democratic Press, July 30th.)

The St. Louis market drew only about 50,000 bushels of wheat from Chicago, but a much larger quantity from the Canal and Illinois River, which Chicago considered its own tributary territory. This practical demonstration that the interior was short of wheat started a discussion in the newspapers as to a sufficiency of supplies for domestic use, and this doubtless had something to do with the great advance which followed, and which did not culminate until about the middle of May when red winter wheat was quoted in Chicago at \$1.90@2.00 per bushel and spring wheat at \$1.70@1.75. Much higher prices were paid both east and west, as already intimated.

In New York, flour, corn and (later) rye were the favorite speculative articles, and from April to December sales for future delivery were made on the New York Exchange almost every day. Some extracts from the market reports telegraphed to the Chicago daily papers indicate the magnitude of the business in futures in New York. On the 31st of May the market telegram reads (in part): "May contracts (flour) were settled today at a loss of one dollar per barrel to the seller." On the 11th of June the telegram says, "the bears are making the most strenuous efforts to break the market (for flour), while the bulls of course, do all they can to sustain it." On the 25th of June New York wires, "A large speculative seller is making arrangements to turn over about 25,000 barrels on Monday next." On the 10th of July the New York market telegram reads, "The greater portion of the sales of wheat are for September, October and November delivery."

"Such was the confidence of dealers in a continuance of high prices, that large contracts were made in March for the delivery of Indian corn in June and July, as high as \$1.05, and some of those

time engagements were settled in June at 98c to \$1.00, and some have been since settled in July, as low as 91@92. Flour contracts were made for June and July, deliverable at about \$8.75@9.00, which have since, in many cases been settled at much lower figures."

Evidently the speculation in New York had assumed great proportions, as it had in Chicago, and while these two cities transacted most of this business, they had no monopoly of it. St. Louis, New Orleans, Milwaukee and Buffalo occasionally reported sales of grain for future delivery—often enough to show that they were not strangers to the practice.

In Chicago the business in futures was heavy and almost continuous. The speculative interest centered in corn, and from the middle of March until the close of November transactions for future delivery were frequent, involving sometimes large quantities.

Speaking of the week ending October 16th, in which wide fluctuations occurred, the Democratic Press says: "The week has been one of intense excitement in the grain market * * * and large sums of money have been made and lost by parties to the speculations of the day."

In November, the French government made heavy purchases of wheat in Chicago for shipment to France. Mr. E. H. Haddock was credited with acting as purchasing agent, and between the 1st and 19th of November he paid out for wheat \$1,200,000.00, all of which was believed to be for French account. So far as known this was the first time in the history of the Chicago grain market that European buyers had given New York the "go-by," and supplied their wants in Chicago. (Democratic Press, November 19th, 1855.)

There was little disposition in New York to speculate in pork product prior to this time, but early in October it was reported from Cincinnati that contracts had been made for hogs in Indiana for December and January delivery. Louisville reported in April the purchase of live hogs for delivery in the pens in Indiana during the following December. (Democratic Press, April 9.)

Early in October the New York market telegram speaks of the pork market of that city as "quite excited by reason of a speculative movement for forward delivery." (Democratic Press, October 11, 1855.) During the remainder of the year, sales of pork, lard or meats in New York for future delivery were frequently reported in the market telegrams which appeared in Chicago newspapers.

While the speculation in wheat culminated in May, as already stated, the market declined gradually until after the middle of July, when it was realized that the supply of old wheat was sufficient for domestic use, and that a new crop exceeding all previous records was practically assured. Then a sudden collapse in prices occurred. In a week wheat declined in Chicago 30@35 cents per bushel; Baltimore reported a decline in red winter wheat of 60

cents a bushel in five days, and Louisville (Journal, July 17), a decline of 72 cents within a week.

The decline enabled exporters to ship to Great Britain at a profit, farmers stopped selling, and the market soon recovered, the upward tendency being accelerated later by news of a partial failure of the harvest in England, France and Germany, and the knowledge that agents of the French government were coming to America to purchase breadstuffs. Spring wheat which touched \$1.00 per bushel about the 1st of August again advanced to \$1.60 or more in October and did not fall much below \$1.50 in Chicago until the close of navigation.

The advance in corn culminated in the last half of May when it sold as high as 80 cents per bushel for June and July delivery. From this time until the 1st of November it was seldom below 65 or above 75, but it was lower in November and declined to 50@55 cents a bushel when navigation closed.

Oats were carried up to 48@50 cents per bushel early in June and did not fall below 40 cents until new oats came on the market in August. In September they declined to 25, from which there was a moderate recovery before the close of the year.

Owing to the late opening of navigation and the consequent accumulation of grain in Chicago, freights were very high early in the season. On the 15th of March a vessel was chartered for wheat to Buffalo at 15 cents per bushel, but early in April 19 cents was paid on corn to Buffalo (sail), and 21 cents (steam). In May the rate declined from 15 cents to 11 cents; in June to 6 cents; in July to 3 cents; advanced in August to $7\frac{1}{2}$ cents; declined in September to 5 cents, and advanced in October to 14 cents, and the last charter reported in November was 10 cents on wheat to Buffalo. Erie canal freights on the other hand were reasonable, and on the 1st of May a charter was made for corn from Chicago to New York, Lake and Canal, at 27 cents per bushel. On the 10th of May the Erie Canal rate on corn, Buffalo to New York, was $11\frac{1}{2}$ cents, and during the remainder of May, June, July, August and September it was 11 to 14 cents, only one quotation (16) higher than 14 cents, appearing on the 20th of September. In October $12\frac{1}{2}$ @16 was the range, and in November 22 cents was paid on wheat, the equivalent of 19@20 cents on corn.

Ocean freight on the wheat purchased by the French government in Chicago was 23@24 cents per bushel, New York to Havre, the Liverpool rate from New York, at the same time, being 16@17 cents.

The census of 1855 showed a population of 83,509 in Chicago, and it was estimated that during the year more than 100,000 square miles of new territory had been brought into direct relation with the City by the extension of the railroad systems of the west, and the opening in June of the Sault Canal to Lake Superior. Among

the most important of these railway extensions were the C., B. & Q. extension to Burlington (already mentioned), the completion of the "Lake Shore" railroad to Milwaukee on the 21st of May, connecting Chicago with Milwaukee's system of railways running west and north of that city, the completion of the Illinois Central's so-called "branch" from La Salle to Dunleith (in reality a part of the main line) about the twelfth of June, the completion of the entire main line of the Illinois Central on the 28th of December, the completion of the eastern division of the Mississippi and Missouri Railroad from Davenport to Iowa City on the last day of the year, the completion of the Belleville and Illinoistown (East St. Louis) R. R. giving Chicago direct rail communication with St. Louis (by Mississippi River ferry), the completion of the Galena Air Line to Fulton, November 27th, giving Chicago its sixth rail line to the Mississippi River, and the approaching completion of the Quincy branch of the C., B. & Q., which was finished February 1st, 1856, and which gave Chicago its seventh rail connection with the Mississippi River (or if Dunleith and East St. Louis be counted, its ninth connection). Then, if it be remembered that the C. & R. I. R. R. bridge at Rock Island was nearly finished; that railroads were already pushing westward from Dubuque, Clinton, Burlington and Quincy, as well as from Davenport; that the Chicago, St. Paul and Fond-du-lac R. R. was building towards the northwest as fast as its limited means would allow, and that every railroad crossed by a line running to Chicago became a feeder for that line, it is easy to believe that the estimate of 100,000 square miles of new territory secured to Chicago during the year was not excessive.

Chicago's grain business grew correspondingly, total receipts for the year being 19,284,643 bushels of grain and 240,662 barrels of flour. The flour was equivalent to 1,203,310 bushels of wheat.

The quantity of flour manufactured in Chicago in 1855 by the three principal mills, viz., the "Adams Mill," the "Chicago Mills" and the "Hydraulic Mills" was 79,650 barrels, an increase of more than 13,000 barrels for the year.

Total shipments of grain, including the flour equivalent, were 16,633,813 bushels, an increase of more than 25 per cent over the preceding year, viz.:

Wheat	6,298,155	bushels
Flour (equivalent to).....	817,095	"
Corn	7,517,625	"
Oats	1,889,538	"
Rye and barley.....	111,400	"
<hr/>		
Total	16,633,813	"

The following tables from the Annual Review of the Democratic Press, illustrate this growth, and show the sources from

which the business came. The figures for the Galena & Chicago Union Railroad include the Chicago Burlington & Quincy and the main line of the Illinois Central, both of which reached the City over the tracks of the G. & C. U.

Receipts and Shipments of Flour in 1855

	Receipts Barrels	Shipments Barrels
By Lake	4,885	77,082
By Canal	13,239	372
By Galena R. R.....	129,843	2,825
By M. S. R. R.....	1,031	31,335
By M. C. R. R.....	1,657	51,041
By C. & R. I. R. R.....	78,343	604
By Ill. Central R. R. (Chicago Branch).....	11,308	.....
By Ill. & Wis. R. R.....	356	160
Manufactured in City.....	79,650	.....
City consumption and balance on hand.....	.....	156,893
Total	320,312	320,312

Receipts of Wheat in 1855

	Bushels
By Lake	4,946
By Canal	923,021
By Galena R. R.....	4,513,202
By M. S. R. R.....	2,270
By M. C. R. R.....	4,939
By C. & R. I. R. R.....	990,689
By Ill. Central R. R.....	771,651
By Ill. & Wis. R. R.....	124,379
By Teams	200,000
Total	7,535,097

Shipments of Wheat in 1855

	Bushels
By Lake	5,719,168
By Canal	59,880
By M. S. R. R.....	176,533
By M. C. R. R.....	342,288
By C. & R. I. R. R.....	286
Ground in Chicago.....	398,250
Used by distillers, shipped, on hand and unaccounted for.	838,692
Total	7,535,097

Receipts of Corn and Oats in 1855

	Corn Bushels	Oats Bushels
By Canal	3,701,441	1,020,360
By Galena R. R.....	3,761,619	1,107,268
By M. S. R. R.....	.....	211
By M. C. R. R.....	8,918	3,064
By C. & R. I. R. R.....	350,123	146,323
By Ill. Central R. R.....	472,654	223,386
By Ill. & Wis. R. R.....	37,622	46,576
By Teams	200,000	400,000
Total	8,532,377	2,947,188

Shipments of Corn and Oats in 1855

	Corn Bushels	Oats Bushels
By Lake	7,439,259	1,821,435
By Canal .....	.....	110
By M. S. R. R.....	4,189	1,566
By M. C. R. R.....	74,177	65,288
By C. & R. I. R. R.....	.....	139
Ground in City Mills.....	30,370	.....
Used by Distillers.....	200,000	.....
On hand, consumed and not accounted for	784,382	1,058,650
Total	8,532,377	2,947,188

Receipts of Rye and Barley in 1855

	Rye Bushels	Barley Bushels
By Lake .....	.....	55,587
By Canal	5,139	204
By Galena R. R.....	39,827	93,976
By C. & R. I. R. R.....	12,960	5,931
By Ill. Central R. R.....	4,603	250
By Ill. & Wis. R. R.....	1,557	10,473
By M. S. R. R.....	.....	224
By M. C. R. R.....	.....	5,250
By Teams	4,000	30,000
Total	68,086	201,895

Shipments of Rye and Barley in 1855

	Rye Bushels	Barley Bushels
By Lake	18,521	1,315
By Canal	797	50,413
By M. C. R. R.....		14,415
By C. & R. I. R. R.....		16,268
By M. S. R. R.....		9,671
Used by Distillers.....	48,768	.....
Used by Brewers.....		109,813
Total	68,086	201,895

The beef-packing of the year was conducted by seven packing firms and the total number of cattle slaughtered was 28,972, an increase over the previous year of more than 5,000 head.

The number of barrels of beef packed was 62,687, which compared with 54,108 barrels in 1854.

The value of the beef products in 1855 is given as \$1,152,420.96.

In addition to the number of cattle packed in Chicago, 8,253 head were shipped to eastern markets, nearly all by rail.

Packers paid \$3.25@3.75 live weight for most of the cattle slaughtered in 1855, the prices for dressed (or net) beef being given in the "Review" as \$6.50@7.50 in September, \$5.50@6.25 in October, \$6.00@6.50 in November.

The receipts of hogs during the packing season of 1855-6 were 308,539. Of this number 162,040 were live hogs which arrived by rail, and 146,499 were dressed hogs. Of the dressed hogs the Galena R. R. is credited with bringing in 112,721.

The packing season of 1855-1856 opened very late in Chicago. The scarcity and consequent high price of mess pork during the late summer and autumn had given farmers exaggerated notions as to the value of hogs, and large purchases by eastern dealers in November and December at unwarrantable figures kept Chicago packers almost out of the market until January. By this time prices of dressed hogs had declined 1@1½ cents from the figures quoted in the middle of November. At \$4.75@5.25 per hundred pounds, the prices prevailing about the middle of January, the packers bought freely and the slight change in values during the remainder of the season was in the direction of lower prices.

The number of hogs packed in Chicago during the year was 80,380, a fair increase over the previous year, but still far below the packing of Cincinnati and Louisville, the smaller of these two leaders being credited with packing 332,354 hogs (Louisville Commercial). Madison, Ind., and Terre Haute are said to have packed 77,465 and 50,000 respectively.

The Cincinnati Price Current's annual statement of the pack-

ing of the West for the last two seasons, issued about the first of April, 1856, gives the following figures, by States:

	1854-1855	1855-1856
	Hogs	Hogs
Ohio	600,064	661,197
Illinois	369,862	412,307
Tennessee	14,200	62,400
Missouri	130,501	189,144
Kentucky	341,299	420,834
Indiana	501,325	479,001
Iowa	93,291	163,504
Wisconsin	37,500	42,500
	<hr/> 2,088,042	<hr/> 2,430,887

an increase of 342,845 head, in addition to which there was an increase of 11 per cent in average weight, equivalent to 229,453 hogs. The total increase in weight of pork product was therefore more than 25 per cent.

The following table shows the price of spring wheat, corn, oats and mess pork in the Chicago market on the first day of each month during the year 1855:

1855	Spring Wheat	Corn	Oats	Mess Pork
January	108-120	43-44	26-27	\$10.00@11.00
February	113-118	51	30	10.00@11.00
March	113-122	50-51	29-30	10.50@11.50
April	135-145	54-55	34	12.50@13.00
May	145-160	67-69	44-46	15.75@16.00
June	165-170	75-76	48	16.00@16.25
July	150-155	73	45-46	17.50@18.00
August	100-110	71-72	44-45	18.00@19.00
September	107-110	68-69	25-26	20.00@21.00
October	129-130	63-64	25-26	21.00@22.00
November	145-146	62-63	28-30	19.00@20.00
December	125-135	50	28-30	17.50@18.00

Even these figures give only a faint idea of the nerve-racking fluctuations in wheat, recorded in the daily newspapers of the period. The great scarcity of wheat in the spring of the year and the abundant American harvest a few months later, the Crimean War and the rumors of peace which soon followed the surrender of Sebastopol in September, together with the uncertainty attending the negotiations were conflicting influences which made frequent and violent changes, often without apparent reason. The following quotations from reports in the Democratic Press give an idea of the sort of market the grain traders of 1855 had to transact busi-

ness in. The dates are those of the newspaper report, and they chronicle, usually, the market of the previous day. The quotations are for merchantable wheat of fair quality in store, unless otherwise indicated. The great advance began about the middle of March.

Quotations per bushel for spring wheat in 1855 were:

March			
9.....	\$1.12 @ 1.20	6.....	1.65 @ 1.73
10.....	1.18 @ 1.20	7.....	1.60 @ 1.68
14.....	1.18 @ 1.22	8.....	1.60 @ 1.65
15.....	1.18 @ 1.22	9.....	1.55 @ 1.65
17 to 26.....	1.18 @ 1.22	14.....	1.60 @ 1.65
28 (prime mill'g). 1.30 @ 1.31		16.....	1.50 @ 1.55
30 (prime mill'g). ... @ 1.33		20.....	1.52 @ 1.58
31 (prime mill'g). ... @ 1.35		22.....	1.55 @ 1.65
		25.....	1.55 @ 1.60
		28.....	1.58 @ 1.65
		29.....	1.55 @ 1.62
April			
2.....	1.35 @ 1.40	July	
3.....	1.33 @ 1.45	2.....	1.50 @ 1.55
4.....	... @ 1.40	6.....	1.48 @ 1.50
12.....	1.36 @ 1.40	7.....	1.45 @ 1.50
18.....	1.40 @ 1.50	9.....	... @ 1.50
20.....	1.50 @ 1.55	13.....	1.50 @ 1.53
23.....	1.55 @ 1.65	21.....	1.45 @ 1.50
26.....	1.60 @ 1.65	23.....	... @ 1.45
28.....	1.55 @ 1.60	24.....	... @ 1.10
30.....	1.50 @ 1.60	25 (old).....	... @ 1.10
		25 (new).....	1.20 @ 1.25
		26.....	... @ 1.20
		30.....	1.20 @ 1.25
		31.....	... @ 1.00
May			
2.....	... @ 1.50	August	
3 (common) ... 1.40 @ 1.45		1.....	... @ 1.00
3 (choice) @ 1.50		2.....	1.00 @ 1.10
5 (choice) 1.50 @ 1.55		6.....	1.20 @ 1.30
7 (choice) 1.60 @ 1.65		11.....	1.20 @ 1.25
10.....	1.50 @ 1.65	14.....	1.25 @ 1.30
12.....	1.55 @ 1.65	17.....	1.25 @ 1.35
15.....	1.60 @ 1.70	23.....	1.18 @ 1.28
16.....	1.60 @ 1.75	24.....	1.15 @ 1.25
21.....	1.70 @ 1.75	25.....	... @ 1.10
23.....	1.60 @ 1.75	27.....	1.10 @ 1.15
24.....	1.55 @ 1.65	30.....	1.10 @ 1.12½
31.....	1.63 @ 1.66	31.....	1.05 @ 1.10
June			
1.....	1.65 @ 1.72		
2.....	1.65 @ 1.70		

September			17..... 1.45 @ 1.48		
1.....	@ 1.08		18.....	1.40 @ 1.45	
3.....	1.07 @ 1.10		20.....	1.45 @ 1.46	
5.....	1.00 @ 1.05		22.....	1.38 @ 1.40	
8.....	1.05 @ 1.07		23 (f. o. b.).....	@ 1.48	
10.....	@ 1.10		26 (on track)....	@ 1.50	
11.....	1.10 @ 1.12 $\frac{1}{2}$		27.....	1.48 @ 1.49	
13.....	1.12 $\frac{1}{2}$ @ 1.15		29.....	1.45 @ 1.46	
14.....	1.15 @ 1.18		30.....	1.44 @ 1.45	
15.....	1.18 @ 1.20		November		
17.....	1.16 @ 1.18		1 (f. o. b.).....	@ 1.48	
18.....	1.18 @ 1.22		2.....	1.45 @ 1.46	
21.....	1.23 @ 1.25		3.....	1.47 @ 1.48	
22.....	1.27 @ 1.28		6.....	1.52 @ 1.53	
24.....	@ 1.30		7.....	@ 1.50	
26.....	1.28 @ 1.30		8.....	1.50 @ 1.52	
27.....	1.25 @ 1.26		10.....	1.47 @ 1.48	
28.....	1.26 @ 1.28		12.....	1.40 @ 1.45	
October			13 (f. o. b.).....	1.45 @ 1.47	
1.....	1.27 @ 1.28		15.....	1.47 @ 1.48	
2.....	1.29 @ 1.30		16.....	1.50 @ 1.51	
4.....	1.27 @ 1.29		17 (f. o. b.).....	@ 1.50	
5.....	1.29 @ 1.30		19 (f. o. b.).....	@ 1.52	
6.....	1.30 @ 1.32		21.....	1.51 @ 1.53	
8.....	1.32 @ 1.33		23.....	@ 1.48	
9.....	1.36 @ 1.41		24.....	1.45 @ 1.48	
10.....	1.50 @ 1.51		28.....	1.43 @ 1.45	
11.....	1.52 @ 1.54		December		
12.....	1.60 @ 1.63		1.....	1.25 @ 1.30	
13.....	1.40 @ 1.45		3.....	1.25 @ 1.30	
15.....	1.38 @ 1.40		10.....	@ 1.30	
16.....	1.40 @ 1.45				

Lumber

Next to the grain trade, that in lumber claimed pre-eminence. Chicago drew her supplies from the valley of the Susquehanna in Pennsylvania, from Canada and the St. Lawrence, but chiefly from Michigan and Wisconsin. Her shipments of lumber extended some distance south, and as far to the west as transportation was available. About nine million square feet came in over the Michigan Southern and Michigan Central railroads, but nearly all the unprecedented arrivals of 306,553,467 square feet were received by lake. The shipments were 215,585,354, leaving 90,968,113 square feet as the local consumption and the stock on hand January 1, 1856.

Navigation

The number of vessels arriving by lake and reporting at the Custom House was 5,410, but it was estimated that 1,200 others arrived from domestic ports and did not report. The following table, classified according to tonnage, gives a good idea of the character of the vessels composing the lake fleet in 1855:

Steamers under 500 tons.....	141
Steamers over 500 and under 1,000 tons.....	237
Steamers 1,000 tons and over.....	59
Propellers under 400 tons.....	193
Propellers 400 tons and over.....	187
Sail vessels under 150 tons	2,131
Sail vessels 150 and under 350 tons.....	2,046
Sail vessels 350 and under 500 tons.....	366
Sail vessels 500 tons and over.....	50
Total.....	5,410

The total tonnage of the vessels reporting was 1,316,045 tons.

The frontier hamlet which was in danger of an Indian massacre twenty-three years before, and which six years later was importing all its breadstuffs from Ohio, had become by far the greatest primary grain market in the world, the increase alone in its shipments in 1855 over the shipments of 1853 exceeding the entire business of Archangel, its nearest European competitor. It is not surprising that its fame was widespread throughout the United States, or that its inhabitants believed its present splendid accomplishments only an earnest of a more glorious destiny.

1856

The eighth annual meeting of the Board of Trade was held at the Tremont House, April 7, 1856, when the following officers were elected: President, C. H. Walker; vice-president, G. C. Martin; secretary and treasurer, W. W. Mitchell; directors, J. S. Rumsey, D. R. Holt, James E. Dalliba, James Peck, William Blair, E. Hempsted, John P. Chapin, George Armour, S. B. Pomeroy, L. P. Hilliard.

The Board of Trade no longer needed to furnish lunches to attract members to the daily meetings. Cards of membership were issued, and it was considered a privilege to belong to the organization, and to attend its meetings.

Farmers and owners of wheat and corn were reluctant to accept the lower market prices which the approaching conclusion of peace in Europe rendered inevitable, and receipts during the winter of 1855-56 were very small. The treaty of Paris, which

brought the Crimean War to a close, was not signed until the 30th of March, 1856; but the markets of the world had been for months adjusting themselves to a condition of peace which was foreshadowed by the inactivity of the military forces, and by the evident willingness of both belligerents to seek some basis upon which an expensive and fruitless war could be ended.

As the result of this attitude of the grain producers and western speculators, conditions in the spring of 1856 were the reverse of those which prevailed the year before, when the elevators were overflowing, and vessels were scarce. On the 1st of April, 1856, there were in store in Chicago all kinds of grain, only 447,600 bushels, while vessels with a capacity of 1,500,000 bushels were in the harbor seeking cargoes. It was well known that large amounts of corn were stored in warehouses along the lines of railway, and on the canal; and before the close of February heavy sales were made for spring delivery, May being the favorite month with speculators. On the 13th of February these sales of corn for future delivery aggregated over 100,000 bushels. From this time forward most of the buying and selling was done on 'Change, the market review of the 1st of July reporting sales of more than 200,000 bushels "on 'Change." Most of the corn traders now adopted 56 pounds as the standard bushel, although 60 pounds was occasionally specified.

New York, at intervals, reported considerable trade in provisions for future delivery, but the speculation in grain and flour, which was active there in 1855, almost ceased after the restoration of peace in Europe, and the great decline in prices which occurred in the first half of the year, and which the New York "Economist" estimated at 56 cents per bushel in the case of white winter wheat, and 25 cents in corn.

In Chicago, on the contrary, dealing in "futures" increased, and on the 4th of June the weekly review of the "Democratic Press" reports that "the great bulk of transactions in corn are for future delivery." "Contracts are almost daily maturing." It is evident too that the race of "Bears" had already appeared, for on the 11th of the same month the following item is found: "Thus far sellers have made all the money at the expense of the buyers." Wheat had declined 18@20 cents during the week. In corn, "buyers are limited to one or two 'shorts,' who having sold largely last week at higher prices, are now advantageously providing for their contracts." Light is thrown upon the method of making delivery on contracts, by the following which appeared August 1, 1856: "A single lot of 15,000 has within two days passed through fourteen hands, and in these transfers settled contracts for some 200,000 bushels."

Some time in 1856 Joel H. Wells began the publication of the "Daily Commercial Letter," but soon discontinued it for want of

patronage. The date of the first issue appears to have been about May 15, the "Letter" of December 1 bearing the number 173. On the 24th of May subscribers to the Chicago "Market Review" and "Weekly Price Current" were notified by Mr. Wells through the "Democratic Press," of which he was commercial editor, that the "Daily Commercial Letter" "will be reissued whenever the activity of the market shall require, or enough subscribers shall have given their orders." On the 1st of May the Board of Trade took possession of their rooms in Walker's Building, No. 12 Dearborn street, at a rental of \$100 per month, and it was announced that members would be furnished with admission cards on application to the secretary.

The commerce of Chicago was still hampered by the unsatisfactory conditions at the mouth of the harbor, and by the obstructions at the St. Clair flats; but the authorities at Washington continued to turn a deaf ear to all appeals for help, notwithstanding the immense commerce which passed over the flats, the total of which for the year 1855, according to a report by Lieutenant-Colonel Graham, of the United States Topographical Engineers, was over four hundred millions of dollars. Of this vast sum, he says, "the valuation of the articles which passed in vessels over the St. Clair flats, in shipments to and from Chicago alone, in the year 1855, amounted to \$113,700,248.89." The amount of duties collected at the Chicago Custom House in 1854 was \$575,802.85. Even when Congress made an appropriation of \$45,000 for improvement of the St. Clair flats, as it did on the 5th of May, 1856, President Pierce vetoed it. The bill received a sufficient majority in Congress, however, to become a law notwithstanding the President's veto.

The following table of the amount of corn in store in Chicago June 25, 1856, is given because it is believed to furnish a complete list (except the G. & C. U. R. R. Elevator) of the grain warehouses of the city at that time, the total capacity of which was about 3,500,000 bushels:

		Capacity
Sturges, Buckingham & Co.....	129,620 bu.	700,000
Walker, Bronson & Co.....	13,000 "	75,000
James Peck & Co.....	21,100 "	60,000
Fletcher & Wilson.....	5,000 "	
S. B. Pomeroy & Co.....	40,000 "	
Fish & Lester.....	6,600 "	
S. A. Ford & Co.....	22,000 "	100,000
Munn & Willard.....	19,300 "	200,000
Flint & Wheeler.....	15,000 "	
T. W. Alexander & Co.....	45,883 "	700,000
Gibbs & Griffin.....	93,132 "	500,000
Munger & Armour.....	109,737 "	300,000
Burlingame	22,100 "	100,000
Total.....	542,472 bu.	

The following item which appeared in the "Democratic Press," August 14, 1856, speaks well for the increasing interest in the daily meetings, and the frequent reports of large sales "on 'Change" indicate that the Board of Trade had assumed the character of a real Exchange, which it had not possessed in its earlier years: "The increased attendance on 'Change every morning, with the growth of the business and commerce of the city, make it very evident that a much larger room must be secured for next season than the one at present occupied. That is now so crowded that on a warm day respiration is by no means easy or satisfactory." It seems that there was some question about the lease of the room in George Steele's building, which had been announced in the newspapers, and another location said to be central and convenient was suggested, "especially for lumbermen who are now generally members of the Board of Trade."

About this time the advocacy of a new building for the Board of Trade shows the increased interest felt in that organization. It reads: "Chicago merchants and business men would as soon have given up the use of the telegraph the second year of its extension, as to think of getting along now without their daily assembling on 'Change * * * if the project (new building) was commenced in earnest at once, long enough before it is finished, no building at present planned in the city will afford suitable accommodations for the daily meetings of the Board of Trade."

The following table of the commerce of the principal ports on the Great Lakes appeared August 26, 1856, and is interesting now:

Buffalo	\$303,023,000
Chicago	223,878,000
Cleveland	162,185,640
Detroit	140,000,000
Milwaukee	35,000,000
Maumee (Toledo)	94,107,000
Sandusky	59,966,000
Oswego	146,235,000

Oswego, which was still a strong competitor with Buffalo for the grain trade of the West, was, of course, dependent upon the Welland Canal, and it will be observed that the influence of Buffalo merchants was always antagonistic to the construction of a canal around Niagara Falls on the American side, which was advocated by the Western shippers.

Considerable work was done during the year 1856 in widening and straightening the main river, some of it between La Salle and Franklin streets; but the most important accomplishment was the excavation and removal of a part of Fort Dearborn, so as to give the river an additional width of 150 feet below the Lake House ferry.

The schooner "Dean Richmond," 379 tons register, with 14,000 bushels of wheat, including a part of her cargo loaded at Milwaukee, sailed from Chicago for Liverpool July 18, 1856. The cargo consisted of 5,000 bushels Illinois winter wheat and 9,060 bushels Milwaukee spring wheat. A large number of members of the Board of Trade went out of the river with her, returning on the tug which towed her into the lake. The eastern marine insurance companies were averse to insuring the vessel and her cargo, and members of the Board of Trade undertook to secure individual subscriptions to an underwriting syndicate. The "Dean Richmond" had a favorable run down the lakes, passed through the Welland Canal, Lake Ontario, and the St. Lawrence River without mishap, sailed from Montreal, August 15, from Quebec a week later, and arrived in Liverpool on the 17th of September. The voyage, including a detention of twelve days in the St. Lawrence River, consumed sixty days, and as the financial results of the experiment were reported satisfactory, newspapers on both sides of the Atlantic enlarged upon the "revolution" which direct trade between the interior of the American continent and the consumers of Great Britain would at once inaugurate. It was reported that the cargo of the "Dean Richmond" had been sold at an advance of 68 cents a bushel on its cost in Chicago, and that the vessel which cost \$19,000 in Chicago had brought \$27,000 in Liverpool. One of the heavy produce dealers of Liverpool came at once to Chicago with a view of making arrangements for direct trade between the two cities, and the enterprising members of the Board of Trade talked of sending other vessels in the wake of the "Dean Richmond." Later advices from Liverpool, however, indicated that the price received for the vessel was \$13,000 instead of \$27,000, which changed the aspect of affairs, and the "revolution" in trade routes was postponed. Probably the small size of the Welland Canal forbade the passage of vessels of sufficient capacity to make the trade profitable.

At a meeting of the Board of Trade, held on the 20th of August, the President appointed Thomas Richmond, George Steele, John P. Chapin, H. A. Tucker, and E. K. Rogers a committee to prepare plans for amendments to the Banking Law, the necessity for which was clearly seen.

The semi-annual meeting of the Board of Trade was held at their rooms, No. 12 Dearborn street, October 6, 1856, at which time 122 new members were admitted. A vote taken upon the question of a new location resulted in favor of leasing the third story of Steele's new building until May 1, 1858, at the rate of \$1,000 per annum. A committee of five was appointed at this meeting to select and purchase a lot, and to form a joint stock company for the purpose of erecting a Merchants' Exchange thereon. Discussion as to the proper grading of wheat resulted in the passage of a resolution that the standard grades should be "white" (winter), "red"

(winter) and "spring," prime quality, and that variations from prime quality should be specified.

On the 16th of October, 1856, the Board of Trade took possession of its rooms in Steele's Block, corner of South Water and La Salle streets, and for the first time since its organization the members of the Board appear to have been satisfied with their surroundings. Several speeches were made by prominent members of the Board, among them Thomas Richmond, who predicted that Chicago would be the largest city on the continent, if not on the globe.

Several meetings were held and much discussion indulged in relative to the proposed Merchants' Exchange, and, finally, on the 28th of November, at a meeting of the Board of Trade called to hear the report of the committee, that body recommended the purchase of a lot on the corner of Clark and Washington streets, 180 feet on the former by 107 feet on Washington. Indeed, the committee had already purchased the lot for \$180,000 and had sufficient faith in its value to say that they would keep it themselves if the Board did not want it. Plans for the building had been prepared, which was to be, in the language of the report, "a Merchants' Exchange, and not as is now the case with the Board of Trade Rooms, a mere Corn Exchange." The Board of Trade approved the location upon condition that \$300,000 worth of stock could be sold by the 1st of May, 1857; but the stock would not sell and the building project slumbered for years.

Great interest was felt by Chicago grain merchants in the improvement of navigation in the Illinois River. Meetings were held and the Board of Trade was appealed to for help. A company was organized to undertake the work, but people living in the river towns gave little encouragement to the promoters, perhaps fearing the flooding of lands adjacent to the river; and gradually, as the railway systems were extended, the Illinois River lost its importance so far as the commerce of Chicago was concerned.

The Illinois State census of 1855 showed an increase since 1850 of more than 50 per cent, the population being reported by the enumeration as 1,306,576. The newer States of Iowa and Wisconsin showed a still greater percentage of increase since 1850, and the latter in 1855, and the former in 1856, each claimed a population of more than half-a-million. There was then at the close of 1856, in these three States, a population approximating two and a half million people, a very large majority of whom shipped their grain and live stock to Chicago, and looked to this city as their financial and commercial metropolis.

It is no longer possible to trace the successive steps in the extension of the network of iron rails which soon bound every part of the Northwest to the growing city at the head of Lake Michigan. Wherever farmers raised a surplus, they demanded railway con-

nection with Chicago, because that was the best market for their produce; and when they had crossed the Mississippi in search of new homes, they demanded that access to their market by means of the railroad bridge at Rock Island, over which the first train ran on the 22nd of April, 1856, should not be denied them by the jealousy of other cities or by the ill will of steamboat employees on the great river itself. The newspapers of St. Louis, New Orleans, Pittsburgh, St. Paul, and other river towns were filled with editorials demanding the removal of the bridge, or modifications with which it was physically impossible to comply. A long period of dry weather had almost suspended navigation on all the western rivers, greatly interfering with the business of the interior towns, while Chicago's railroads were every day adding to her trade at the expense of her would-be rivals.

Small as the stock of grain was at the opening of navigation, and large as the shipments had been during the summer, it was announced on the 10th of September that the storehouses were "all overflowing, and it is almost impossible to unload canal boats and cars with dispatch, or in many cases to unload them at all." And this was after the completion of the Sturges, Buckingham & Co. (Illinois Central), T. W. Alexander & Co. (Rock Island), and Galena elevators had added nearly two million bushels to the grain storage facilities of the city since the close of the preceding winter. The destruction of S. B. Pomeroy & Co.'s elevator by fire on the 14th of September, which might have interfered with the movement of grain at an earlier day, had no appreciable effect.

The trend of prices in the grain market during the year 1856 was downward, and during the last two or three months of the year this tendency was very marked. Local and temporary conditions arrested the decline at frequent intervals, but the final result showed a decline of nearly one-half in the price of spring wheat, and almost as much in the price of corn. The rye market followed the downward course of wheat and corn, but oats maintained former prices better than other grains, because of a diminished supply. Barley is always in a class by itself, and the reason given for its comparative firmness in the face of declining markets for other grains, was "the growing popularity of lager beer." A short crop of hogs made pork products take an independent course, and the substantial advance in provisions which took place in the summer and early fall made the year a successful one for the packers of Chicago, although their output was a little less than the preceding season. The wheat crop in the region tributary to Chicago was a good one in 1856, partially compensating the farmers for the great decline in price. Corn, on the other hand, suffered from the drouth, and the price was not sufficient to console the grower for the loss of a considerable part of his normal yield.

The grain business of Chicago as a whole showed an increase

of 20 per cent. over the preceding year, corn furnishing most of the excess, while fewer oats arrived than in 1855. Although Milwaukee still claimed to be the largest primary wheat and flour shipping point in the world, and was a worthy contestant with Chicago for this distinction, the flood of other grains which poured through the latter city on its way to tidewater left the ambitious Wisconsin town far in the rear as a primary grain mart. As to St. Louis, its 6,895,029 bushels received in 1856 ("Democratic Press," January 5, 1857), was less than one-third the amount received in Chicago the same year.

The following table shows the receipts of grain in Chicago in 1856 and the two preceding years:

	Bushels
Wheat	8,767,760
Corn	11,888,398
Oats	2,219,897
Rye	45,707
Barley	128,457
Total.....	23,050,219
Flour (equivalent to).....	1,624,605
Total receipts in 1856.....	24,674,824
Total receipts in 1855.....	20,487,953
Total receipts in 1854.....	15,804,423

The number of cattle slaughtered in 1856 was only 14,977, not much more than one-half the packing of the previous year, and the smallest business since 1850; 33,058 barrels were put up, and the value of all the beef products, including hides, tallow, etc., was estimated at \$603,112.72. The packing season of 1856-7 marked the beginning of the end of small packing points, and the concentration of the industry at the great centers.

The interior towns complained that improved transportation facilities drew the hogs to Chicago and other large points. This was true, but even in Chicago the number packed showed a slight decrease and is given as 74,000, compared with 80,380 the previous season. The estimated number killed for city consumption was 43,628. Total receipts are stated officially as 220,702, of which 174,144 were live hogs and 46,558 were dressed hogs. Total shipments of live and dressed hogs are reported as 103,074, and it was estimated that about 100,000 were received and shipped during the interval between packing seasons which are not included in these official figures. Prices were high during the season, dressed hogs selling in the middle of November at \$5.25@5.50, and advancing to \$8.50 by the end of February. As the latter figure was approached, most of the Chicago packers withdrew from the market.

The following firms were engaged in the packing business at this time: Cragin & Co., O. S. Hough & Co., Hubbard, Hunt & Co., George Steele & Co., B. & G. B. Carpenter, Fabian & Milward, Stewart & Co., A. Brown & Co., Moore & Seaverns.

While the number of live hogs increased slightly, receipts of dressed hogs were less than one-third of the number received in the packing season of the previous year. The figures were, for 1855-56, 146,499; for 1856-57, 46,558.

The following table gives the prices of spring wheat, corn, oats, and mess pork, on the first day of each month in the year 1856:

	Spring Wheat.	Corn for 60 lbs.	Oats.	Mess Pork.
January	\$1.30@1.35	50c	26@30c	\$16.00
February	1.28@1.30	40@42c	29@30c	\$14.00@14.50
March	1.00@1.05	40c	26@27c	13.75@14.00
April	1.15@1.20	40@41c	24@25c	14.00@14.50
May	1.12@1.14	36@37c	25@26c	15.50@16.00
June	1.05@1.06	32@33c	27@28c	16.00@17.00
July	1.00	40@41c	25@26c	18.00
August	1.08@1.10	45c	30@31c	20.00@21.00
September	98c	37@38c	30@31c	19.00@20.00
October	1.02@1.03	38@39c	26@27c	20.00@21.00
November	77@78c	30@31c	25@26c	19.00@20.00
December	77@78c	35@36c	32@33c	14.00@15.00

The first charters were made in April at 10@10¼ cents on wheat to Buffalo, but this rate could not be maintained, and before the end of May corn was taken at 4 cents to Buffalo. In June, July, and until the last week in August the prevailing rate was 3 cents or less. The last of August 6 cents was paid; in September, 11 cents; in October, 22 cents, and in November 26 cents was paid on a cargo of wheat to Buffalo, while propellers asked 28, and the owner of a small lot of corn agreed to give one-half of it for delivery of the other half in Buffalo. Just before the close of navigation rates fell to 10@15 cents. These extreme rates are explained by the fact that Chicago elevators held 1,500,000 of grain of all kinds on the 3rd of November.

Erie Canal freights from Buffalo to New York opened in May at 14@15 cents on corn and did not vary materially from these figures until August when 11½ was quoted. In the latter part of September 16½ was paid and in October and November 18 cents on corn and 23 cents on wheat. It is noteworthy that when freight on corn by sail to Buffalo was at the highest, say 22 cents, Erie Canal freights were about 18 cents; in other words, it cost 40 cents to send a bushel of corn from Chicago to New York, the corn being worth at the time about 30 cents in Chicago.

Lumber.

There was another amazing increase in the volume of the lumber trade, receipts being 456,673,169 square feet, and shipments 253,387,732 square feet. Chicago's market for lumber was west and southwest, wherever the canal or rails furnished transportation, and farmers raised grain or stock.

The following newspaper clipping gives an idea of local conditions in Chicago at the close of the year, and an insight into methods of trade as well:

"There is as yet but little looking forward to the season of navigation, and consequently no transactions consummated for future delivery, reaching into the spring or summer. In this respect the season is unlike the last and several immediately preceding, when at this period the corn which was expected to pass this port before June had probably all changed hands once or twice by prospective contracts." ("Democratic Press," December 31, 1856.)

1857

Great indignation was aroused in Board of Trade circles in the late winter of 1856-7 by the introduction in the legislature of New York of a bill making tolls on the New York Canals from Oswego, Rome and Whitehall to Albany, the same as on the Erie Canal from Buffalo to Albany. The object of this proposed legislation was to compel western shippers to discontinue the use of the Welland Canal and the port of Oswego, and to send all their produce, destined for the seaboard, via Buffalo and the Erie Canal. The injustice of this measure lay in the fact that the distance from Oswego to Albany is 209 miles only, as against 365 miles from Buffalo to Albany.

As already shown, Buffalo had at this time about twice as much of the western trade as Oswego, but her merchants wanted more, and this measure would have given them a monopoly. Chicago shippers were in no mood to submit to this unreasonable discrimination without protest, and at a meeting held on the 28th of February, 1857, a series of vigorous resolutions were passed, broadly intimating that such unjust discrimination would force the grain trade of the west into other channels, and that the St. Lawrence River in the summer, and the Mississippi River in the winter might be expected to attract the greater part of the grain movement in the future.

The representatives of Oswego, whose business would have been ruined by the proposed discrimination, made an able argument in opposition to the measure, the New York Chamber of Commerce registered an emphatic protest against it, and the scheme failed.

A committee of five was appointed to confer with the Chamber

of Commerce of St. Louis "in reference to improvement of the Illinois River under the recent charter obtained for that purpose." Why the people of Peoria or other river towns should violently oppose the improvement of navigation on the Illinois River is as difficult of comprehension to us now as it was at the time to the merchants of Chicago. Nevertheless public meetings were held to denounce the project as one which threatened an "odious, unlimited and unnatural monopoly," and it was asserted that if the promoters should "succeed in smuggling a bill through Congress, the Illinois Valley will flame with indignation against the men who have dared to steal our natural rights."

The Chamber of Commerce of St. Louis, on the other hand, endorsed the proposed improvement as presented by the able committee from Chicago, but wished to have a report from the engineers before committing themselves further. The Illinois River Improvement Committee, organized under its charter in March, 1857, with William F. Thornton as president; but before anything of importance was done the money stringency came on and the project was abandoned.

Among the canal projects which were bidding for support at this time was the proposed Rondeau Ship Canal (37 miles long) from Lake Huron to Lake Erie, designed to obviate the delays and dangers attendant upon navigation over the St. Clair flats. At a meeting of the Board of Trade, held March 16, 1857, a committee appointed at a previous meeting, reported favorably upon the scheme and the Board recommended "the speedy commencement of this important enterprise, pledging its members to sustain it, if made to meet the commercial needs of the Lakes." Very wisely, they urged that the proposed canal should be of sufficient capacity for the future, as well as for the present wants of the lake commerce. The necessary depth of water was estimated at 14 feet. Charles Walker, George Steel, and Col. B. S. Sheppard were appointed Provisional Trustees on the part of the Board of Trade to take steps for the speedy commencement and completion of the canal. Similar action had already been taken by the Cleveland Board of Trade.

Further investigation developed the fact that the canal would cost much more than its early advocates had calculated, and more than its advantages warranted, and, like many other schemes from which great results were anticipated, it gradually was forgotten.

Another project in which much interest was felt was a proposed canal across the State of Michigan, first suggested by William B. Ogden, one of the original incorporators of the Board of Trade, and first mayor of Chicago. (Democratic Press, March 7, 1857). Mr. Ogden's high position as a man of affairs gave to this scheme a temporary standing not warranted by its intrinsic merit.

The ninth annual meeting of the Board of Trade was held on the 6th day of April, 1857. The following officers were chosen: Charles H. Walker, President (re-elected).

George W. Noble, Vice-President.

W. W. Mitchell, Secretary and Treasurer.

Directors: George Steel, George Armour, E. W. Griffin, James L. Allen, Tarlton Jones, D. R. Holt, James Peck, C. L. Bissell, I. D. Harmon, E. I. Tinkham.

The Secretary reported gross receipts for the year \$2,085.00, and expenditures \$1,960.70. The Auditing Committee reported a balance on hand of \$24.30.

The President and Secretary were authorized to employ a superintendent at a salary not exceeding \$1,500.00 per annum, whose special duty it should be to collect and compile the statistics of the Board. No effort in this direction had been made by the Board prior to this time, but the yearly pamphlet of the "Democratic Press" had furnished the most reliable data hitherto, and its figures have been generally accepted by historians as the nearest approximation to the truth. At this meeting it was resolved that telegraphic dispatches from New York, Buffalo and Oswego should be obtained and posted on the bulletin in the Board of Trade rooms. A committee was appointed to confer with a committee of the newly organized Merchants' Exchange in regard to a new building. The dues for the ensuing year were fixed at ten dollars. The by-laws were also amended so that one admission fee of ten dollars should cover all the members of a firm.

S. B. Pomeroy, chairman of a committee previously appointed to act on the subject of inspectors, weighers, etc., reported in favor of adopting the St. Louis or Boston standard of flour (or some other equally high). The committee also recommended "the appointment of grain inspectors whose duty shall be to grade properly all the wheat and corn of car grain in conformity to a standard to be furnished by this Board." The committee also recommended the establishment of three grades of spring wheat, to be known as "Club Spring," "No. 1 Spring," which was to be the standard, and "No. 2 Spring," (and they further recommended that, if possible, the inspection system should be regulated exclusively by the Board of Trade, without city or state supervision, so that there might be no political interference therewith. The report was accepted and laid on the table.

During the month of June the recommendations of the Inspection Committee were again taken up by a meeting of the Board of Trade and, with some amendments, adopted.

Weighers were to be employed by warehousemen at their own expense and selected by them with approval of the standing committee of the Board of Trade; inspectors were to be appointed as provided in the recommendations, and the charge for inspection

was to be ten cents per car, and twenty-five cents for each (canal) boat. To the grades of spring wheat recommended by the committee and the grades of winter wheat adopted in 1856, were added three grades of barley, "Prime Barley" to be the standard. It was provided that this important inspection rule should go into effect July 1, 1857. (Democratic Press, June 23, 1857).

There was much dissatisfaction with the grading of wheat and on the 11th of July the committee reported to the full Board recommending five grades of wheat, "No. 1 White," "No. 1 Red," "No. 1 Spring," "No. 2 Spring" and "Refuse."

They further recommended that other grains should be graded, as follows:

Corn

No. 1—To be sound, good berry, and well cleaned.

No. 2—To be sound, but not clean enough for No. 1.

Rejected—Unsound or very dirty.

Oats

No. 1—To be clean and sound.

Rejected—Unsound, and too dirty for No. 1.

Barley

No. 1—The berry to be plump, well cleaned and sound.

No. 2—To be sound and clean.

No. 3—To be sound, but not clean enough for above grades.

Rejected—To be unsound, dirty and unfit for merchantable purposes.

Finally on the 24th of August, after much wrangling, the Board of Trade decided upon the following grades of wheat and the requirements for each:

No. 1 White Wheat—The berry to be plump, well cleaned, and free from rye.

No. 1 Red Wheat—The berry to be plump and well cleaned, and may comprise such qualities of White Wheat as are not up to the standard of No. 1 White, but equal in value to No. 1 Red.

No. 2 Red Wheat—All qualities of winter wheat that are not equal to the standard of No. 1 Red, but equal in value to extra Spring.

No. 1 Spring Wheat—The berry must be plump and well cleaned and may comprise such qualities of White and Red Wheat as are not equal to the standard of No. 1 Red, but equal in value to No. 1 Spring.

No. 2 Spring Wheat—All sound wheat not equal in value to No. 1 Spring, to be placed in No. 2 Spring Wheat.

Refuse Wheat—All unsound, or any that is too dirty, to go into any of the aforementioned grades.

The organization of the "New York Warehousing Company" under a charter granted by the New York Legislature at its last session is noted in the Chicago newspapers as the first practical step towards abolition of the aggravating annoyances to which western grain shippers have been subjected in the New York market. This company proposed to construct in New York immense grain warehouses similar to those in Chicago, and to receive and deliver grain by weight as desired by the western shipper. (*Democratic Press*, May 19, 1857.) It was claimed too that the provisions of the charter under which this company was organized, permitted regulations which would give to its warehouse receipts a negotiable value which such receipts had not before possessed under the laws of the State of New York.

There were at this time a large number of steamboats plying between Chicago and Buffalo, Oswego, and other ports on the lower lakes. The *Democratic Press* of April 20, 1857, enumerates 56 propellers belonging to the following lines making regular trips to Chicago:

American Transportation Co.....	8
People's Lines	5
Western Transportation Co.....	10
Northwestern Transportation Co.....	8
Northern Transportation Co.....	11
N. Y. Central Line.....	8
Old Oswego Line	6

Total number of propellers..... 56

In addition to these American lines, a Canadian line of propellers began making trips between Montreal and Chicago, via Welland Canal, during the latter part of May, 1857, and in June a delegation from Toronto visited the Board of Trade to advocate the establishment of a line of propellers to run between Chicago and Collingwood, the successful inauguration of which in the following spring will be mentioned later.

On the 14th of July, 1857, the Board of Trade was called to order by President Walker to take appropriate action in relation to the arrival of the British schooner "Madeira Pet," which had just come to anchor in the Chicago River with the first cargo of merchandise ever received at this port direct from Liverpool. Resolutions were adopted congratulating the captain and owners of the cargo (which consisted of glassware, crockery, paint, hardware, etc.) upon the success of their voyage, and their demonstration that direct trade with Europe was practicable. A committee was appointed to procure a tug and bring the vessel to her dock at the foot of LaSalle Street, where she was received with cheers from the crowd which had assembled to greet her. Owing to unforeseen

delays at the Welland Canal and adverse winds on the lakes, her voyage from Liverpool to Chicago consumed 80 days. The schooner registered only 123 tons, but she carried a cargo of about 240 tons, and drew nine feet of water. In the evening a salute of 100 guns was fired in honor of the event.

The "Madeira Pet" sailed for Liverpool upon her return voyage with a small cargo of hides on the 5th of August, and her departure was made the occasion of a jubilee by members of the Board of Trade, many of whom accompanied her to the lake. Small as she was, she was unable to carry a full cargo through the Welland Canal, and this fact explains the reason why "direct trade" with Europe in grain, from which such great results were anticipated, failed to attain the importance which the demonstration of its "practicability" seemed to warrant. Vessels of sufficient capacity to make direct trade in grain really profitable could not pass through the Welland Canal. And yet the experiment inaugurated by the Dean Richmond was sufficiently successful to induce C. J. Kershaw of Chicago and others to build two vessels for the Liverpool trade during the summer and autumn of 1857. Both of them were built in a Cleveland shipyard, the first one, the bark or barkantine, C. J. Kershaw, sailing in July with a cargo of staves and black walnut lumber, and arriving in Liverpool on the 5th of September. She had a successful voyage financially and otherwise, and brought a return cargo as far as Toronto, where she was frozen in about the middle of December. It is interesting to note in this connection that a Montreal committee which investigated the feasibility of running a line of propellers between that city and Chicago decided that it would not be profitable unless upbound freight could be obtained which would pay a higher rate of freight than salt. (Democratic Press, February 21). Several cargoes of white oak staves and black walnut lumber, however, went from the lakes to Great Britain in the following year, and apparently with better results to owners than they could have realized from the shipment of grain. The great cost of handling lumber and staves made it desirable that once loaded they should reach their destination without transfer, and this advantage enabled even vessels of 250 to 300 tons to continue the lumber and stave traffic while grain cargoes of this size could not follow the same route and successfully compete with those which went to Liverpool via the Erie Canal and the port of New York.

It is stated by most financial writers that the panic of 1857 began with the failure of the Ohio Life Insurance and Trust Company in August of that year. This is true so far as the New York banks were concerned, and the suspension of specie payments which soon followed. But general distrust had existed in financial circles for months. Failures had been numerous, money was tight, eastern banks were calling in their loans, the rampant speculation in

which the whole country had indulged received a sudden check, specie was exported to settle an unfavorable trade balance, and some important railway lines defaulted on their bonded indebtedness before the Ohio Life Insurance and Trust Company closed its doors. It was apparent that something was wrong with the business of the country. Eastern financial authorities diagnosed the trouble as western speculation, while some of the Chicago papers stoutly maintained that the West was so sound that a financial revulsion was impossible and that its condition had been misrepresented by some of the grain speculators on the Board of Trade.

The previous winter was long and cold, and in April Walker Bronson & Co., a leading Chicago grain house, issued a circular in which they asserted that their canvass of the region tributary to Chicago indicated a practical exhaustion of supplies, not more than two million bushels of grain of all kinds remaining in the hands of farmers and dealers. The receipts of grain at Chicago before any movement of the new crop demonstrated the gross inaccuracy of Walker Bronson & Co.'s estimate, but it had been extensively quoted in the East as evidence of the bankrupt condition of the West, while the exceedingly backward spring lent color to the predictions of approaching crop disaster, which were industriously circulated by the "bull" speculators in the grain market.

Since early summer a strong and unscrupulous "bear" party aided by the New York Herald had been successfully raiding the New York stock market, causing immense losses to holders of railway shares, and at length producing a condition of distrust bordering on panic, and only needing some big failure to start the general scramble.

William B. Ogden, President of the Chicago, St. Paul and Fond du lac Railroad Company, was easily the leading citizen of Chicago in wealth and influence; and when announcement was made, on the 21st of August, that the obligations of this company had gone to protest in New York, and when it was rumored that Mr. Ogden, who was known to have endorsed much of the paper of this railroad, had also failed, the seriousness of the situation forced itself upon the mind of every business man in Chicago. On the 24th the Ohio Life Insurance and Trust Company closed its doors and the panic was on. After the first few days of senseless fear things became more quiet, only to suffer a fresh outbreak a few weeks later, and on the 13th of October specie payment was suspended by the New York City banks after fifteen of their number had failed in a single day. A curious development of the monetary stringency was the formation of the Merchants' Grain Forwarding Association by the wholesale merchants of the city, independently of the Board of Trade. The merchants disavowed any intention of interfering with the regular grain business of the City, asserting that their only object was to escape an exorbitant charge for Eastern exchange.

As might have been expected, the organization was too unwieldy to act effectively, but considerable business was done by individual merchants with their country correspondents and with farmers.

The grain business was seriously hampered by the stringency in the money market in the East as well as in the West. In some instances firms with large quantities of grain on the Erie Canal were unable to raise money to pay the tolls, and canal boats cleared from one local point to another and waited for shippers to get money enough together to pay for another move of a few miles. (Democratic Press, October 1, 1857.)

If the panic of 1857 was, as charged by one of the Chicago papers, "a newspaper panic," caused by "successful attacks upon the public credit by a set of desperate speculators," aided by the New York Herald, it was a shining example of the power of the press for evil. One of the most depressing incidents of the later panic was the assignment of the Illinois Central Railroad Company on the 12th of October. The New York and Erie failed the same day, and before the end of October the Philadelphia & Reading, Delaware, Lackawanna & Western, and many other Eastern roads failed, as well as the Michigan Central and Michigan Southern in the West.

Notwithstanding all the obstacles which interfered with the grain trade of Chicago, the Democratic Press of October 28th could truthfully say that "The grain trade continues to be the center of the largest and healthiest activity of the city, but one which, from its vital character, makes its strong pulsation felt through the whole frame of our commerce."

Eastern bankers and newspapers were clamoring for a larger movement of grain, while farmers who were able to hold their wheat and corn were not anxious sellers at the terrible decline brought about by the panic. Some of the more radical Eastern journals advocated a total suspension of credit to western merchants, an unnecessary precaution, it would seem, as money was worth 2@3 per cent a month in New York, and 1½@2 per cent in Boston. In Chicago the ruling rate was 3@5 per cent per month.

Meantime the financial troubles in America and other causes produced a similar crisis in Europe, and the Bank of England raised its discount rate to the unheard of height of 10 per cent per annum, and Paris, Vienna, Hamburg, Amsterdam and Brussels followed the lead of London. Even this advance in the rate of discount did not stop the demand for money, and in November the British Government, to save the Bank of England from disaster, was compelled to authorize it to issue notes to any amount necessary without the specie reserve required by law. This was a practical, although not a technical, suspension of specie payments.

The New York banks accumulated gold rapidly after their suspension, and notwithstanding the European stringency, money was

easy in that city before the close of November at 7 per cent per annum; and on the 12th of December formal resumption of specie payments was announced. In fact, the New York banks had practically resumed on the first of the month. To this result the constant influx of gold from California greatly contributed, as well as the demand from Western Europe, where the potato crop failed, for the abundant yield of wheat with which the United States had been favored. The western corn crop, too, was a good one.

The semi-annual meeting of the Board of Trade was held on the 5th of October, 1857. A resolution was passed endorsing the Welland Railway and commending the project to the pecuniary support of the people of Chicago. A committee was appointed to compile and republish the Constitution of the Board with its various amendments. Later in the month the Board passed a long preamble, and resolutions again urging upon Congress the appropriation of public lands in aid of the Niagara Ship Canal, asking the President to notice the subject in his next annual message and requesting the Senators and Representatives from Illinois to vote for such a bill and to use all honorable means to obtain the passage of the same.

At the beginning of the year 1857 there was nothing to indicate the probability of unusual fluctuations in the grain and provision markets of Chicago. Pork was high, and wheat, corn and oats were bringing moderate but fairly remunerative prices. The advance in produce of all kinds during the late spring and early summer, based upon a supposed scarcity of supplies (which did not exist), and upon a predicted crop failure, which did not materialize, has already been alluded to. So has the great decline in prices resulting from the panic, and from the favorable crop outlook which became manifest in midsummer. The falling off in the grain business of the city, after three years of amazing increase, was much less than might have been expected, and resulted more from the unwillingness of farmers to market their supplies at current rates after the money stringency became acute than from inability of Chicago dealers to find money with which to pay for the produce and forward it to the seaboard, difficult as this was, at times.

That Chicago grain merchants were in no way instrumental in delaying the movement of crops to the seaboard is shown by the fact that on the 25th of November, just before the close of navigation, the entire stock of grain in all the elevators of the city was as follows:

Wheat	136,806	bushels
Corn	8,637	"
Oats	4,683	"
Rye	1,321	"
Barley	12,881	"
	<hr/>	
	164,328	"

As the new Illinois Central Railroad elevator had been completed during the year and the storage capacity of the city thereby increased to 4,095,000 bushels, it will be seen that only four per cent of the available space was occupied at the date mentioned.

Total receipts of grain for the year (including the flour equivalent) were 21,856,206 bushels against 24,674,824 bushels in 1856, as shown in the following table:

Total Receipts of Flour and Grain for Two Years

	—1856—	—1857—
Wheat .....bushels	8,767,760	10,554,761
Corn “	11,888,398	7,409,130
Oats “	2,219,897	1,707,245
Rye “	45,707	87,711
Barley “	128,457	127,689
Flour (equal to)..... “	1,624,605	1,969,670
	<hr/> 24,674,824	<hr/> 21,856,206

Total Shipments of Flour and Grain for Two Years

	—1856—	—1857—
Wheat .....bushels	8,337,420	9,485,052
Corn “	11,129,668	6,814,615
Oats “	1,014,547	416,778
Rye... “	590	.....
Barley “	19,051	17,993
Flour (equal to)..... “	1,081,945	1,298,240
	<hr/> 21,583,221	<hr/> 18,032,678

While there was a decrease in the total movement, it will be observed that this falling off was only in corn and oats, while the movement of wheat and flour showed a fair increase.

Lake Transportation

Lake freights were low during the whole season of 1857. The earliest charters, after the opening of navigation, were at 4 cents for corn to Buffalo, and this was the highest rate until the latter part of July, when $4\frac{1}{2}$ cents was paid for a few loads. Most of the grain during May, June and July was carried at 2@3 cents for corn and this rate prevailed, with one or two exceptions, until about the 1st of November, when higher rates were paid, 5 cents the maximum for corn to Buffalo being paid towards the close of navigation.

Canal Freights

Erie Canal freights were moderately low at the opening of the season, $10\frac{1}{2}$ @ $11\frac{1}{2}$ cents being the earliest rates paid on corn

from Buffalo to New York. In the latter part of June, 10 cents, and in July as low as 8 cents was quoted; in August $9\frac{1}{2}$ @11 cents was the range; 10 to 12 cents in September and October, and 12@15 cents as the close of navigation approached in November.

Although the transportation of perishable freight from the West to the East did not develop into a business of magnitude for several years, as will be related hereafter, the following extract from the Scientific American of the 7th of November, 1857, is of interest, as the crude beginning of a vast traffic:

"For some months past considerable quantities of farm produce and other perishable substances have been brought to this city from remote parts by means of a new description of rail car, fitted up on the principle of a refrigerator. Fresh meats and poultry have been brought from the western States to New York City during the extreme heat of the summer months with complete success. By one arrival, fifteen hundred turkeys, chickens, geese, etc., and 180 carcasses of mutton were delivered in this city in as good condition as when first placed in the car, in which they had remained nineteen days." (Democratic Press, November 9, 1857.)

Beef Packing.

As might be expected, the financial stringency interfered with packing operations at all the Western centers. Probably Chicago packers were inconvenienced as little as any, although they had contracted before the panic for a good share of the cattle needed for the season, and at prices above current values at the time of delivery, as they had been looking forward to an increase of 100 per cent in the business of the previous year. As it was, Chicago packers slaughtered 19,127 head of cattle (Cragin & Co. leading with 9,230 head), and more than 25,000 were shipped on the hoof to Eastern markets. Most of the cattle contracted before the panic cost the packers \$3@3.25. Later purchases were made at \$2@2.25.

A new stock yards was opened by the Michigan Southern, Rock Island, and Chicago & St. Louis Railroads, or an old one enlarged at the corner of Clark and Twenty-second Streets, and prices realized at this live stock market, as well as at the "Sherman" or Myrick yards on the Lake Shore, were quoted with some regularity in the daily papers.

Pork Packing

Although the pork-packing season of 1857-8 began later than usual and prices were much depressed, a large business was done before the season closed in March, final figures of the number of hogs slaughtered in Chicago being 99,262. Cragin & Co. head the list of packers with 21,021, closely followed by Thomas Nash & Co., with 20,782. (Democratic Press Review, 1858.) Total receipts

during the packing season, however, were less than in the preceding year and shipments of live and dressed hogs fell off correspondingly. The average weight of hogs slaughtered was the same as in the previous season, about 230 pounds.

One of the principal reasons for the rapid growth of the grain trade in Chicago during the first decade of the existence of the Board of Trade was the fact that almost from the time of the first arrivals by canal and railroad Chicago warehouses were forced to find a method of handling grain in bulk and by machinery, and that by this method and by their system of weighing instead of measuring, they reduced the terminal charges to about one-quarter of what the grain would have to stand if consigned to St. Louis or other markets where the antiquated system of sacking prevailed. In other words, the terminal charges at St. Louis, including the expense of sacks, amounted to seven or eight cents a bushel, against about two cents at Chicago.

Lumber

Notwithstanding all the difficulties which confronted the lumbermen in 1857 the receipts for the year actually increased nearly three million square feet over the enormous receipts of the previous year as shown below:

Receipts of lumber in 1857.....	459,639,198 sq. ft.
Receipts of lumber in 1856.....	456,673,169 sq. ft.
<hr/>	
Increase	2,966,029 sq. ft.

As in former years, nearly all this vast quantity came by lake vessels, except some fifteen million feet of hardwood lumber brought from Michigan and Indiana by the Michigan Southern and Michigan Central Railroads.

At a meeting of the lumbermen held at the Board of Trade rooms on the 22d of December standard grades and rules for the guidance of inspectors were adopted. All lumbermen who were not members of the Board of Trade were recommended to join the organization, but it was intimated that in the spring a separate Board of Lumbermen would be formed.

The winter tariff on grain and provisions all-rail to New York was announced early in December as \$1 per hundred pounds on dressed hogs and 90 cents per hundred pounds on barreled pork and beef.

The year was an unprofitable one for the Lake marine, but arrivals at the port of Chicago, compared with 1856, as follows:

Total arrivals in 1857,	7,557 vessels,	1,753,413 tons
Total arrivals in 1856,	7,328 vessels,	1,545,379 tons

The Lake Tonnage of the District of Chicago also increased, as follows:

	Steam	Sail
December 31, 1856....	4,421 tons	54,295 tons
December 31, 1857....	7,954 “	62,727 “
Increase	3,533 “	8,432 “

The Railroads

Owing to the monetary crisis there was little addition to the mileage of Chicago railway systems in 1857. The total at the close of the year was 3,953 miles, an increase of 277 miles only, and most of this was in Iowa. (Democratic Press, March 19, 1858.)

The following table shows prices of spring wheat, corn, oats and mess pork in the Chicago market on the first day of each month in the year 1857:

1857	Spring Wheat	Corn	Oats	Mess Pork
Jan.	\$0.85@ .87	38 @39c	33@35c	\$17.00@18.00
Feb. ....	.90	41 @43c	33@36c	19.00@21.00
March .....	.90@ .91	40 @42c	38@39c	21.00@22.00
April .....	.84@ .88	36 @37c	36@38c	22.00@23.00
May	1.06@1.10	57½@60c	53c	21.00@21.75
June	1.21@1.25	71 @72½c	65@66c	23.00@23.50
July	1.26@1.27	65 @66c	56@58c	23.00@23.50
August	1.12@1.14	67 @68c	56@57c	23.50@24.00
Sept. ....	.92@ .96	68 @69c	28@29c	24.00@25.00
Oct. ....	.73@ .77	49 @50c	26@28c	24.00@25.00
Nov. ....	.68@ .69	45 @46c	24@25c	19.00@20.00
Dec. ....	.53@ .54	42 @45c	25@26c	14.00@15.00

This table shows pretty well the fluctuations in prices of the principal commodities dealt in on the Board of Trade, although wheat reached its highest point on the 7th of July at \$1.30, corn during the last days of May at 75@76c, and oats about the same time at 66@68c. Practical exhaustion of the stock of mess pork early in September enabled those who held a few barrels to keep this article from going down the toboggan with everything else after the panic set in. It continued to decline after the first of December, and before the month closed was selling at \$12.50@13.00 per barrel.

1858

Whatever America's share of responsibility for the European financial crisis may have been, the New York banks were in position by the first of December to export gold, and before the first of Jan-

uary, 1858, ten million dollars left the ports of New York and Boston for London in partial liquidation of American indebtedness. The suspension of the charter provision requiring the Bank of England to maintain a specie reserve for all its bank notes had brought the panic in Great Britain to an end, and with the further relief afforded by heavy shipments of American and Australian gold, English financial affairs soon righted themselves, and the discount rate fell to 4 per cent before the first of February.

During the winter and spring of 1857-1858 sales of corn were made, for the most part, with the specification "60 pounds" per bushel, notwithstanding the statutory weight of a bushel of corn was 56 pounds.

The Board of Lumbermen further defined the grades of lumber and revised the rules for the guidance of inspectors at a meeting held in the Board of Trade rooms on the 15th of January.

In the early days of American railroading wood was the fuel in universal use, and it is worthy of note that in the winter of 1857-8 Griggs' patent coal burner for locomotives was enough of a novelty to justify frequent newspaper reference to its introduction on some of the Eastern railways. The Illinois Central had already found coal a cheaper fuel than wood, and before the close of the year had eighteen coal-burning locomotives in use.

The long-expected report of Kivas Tully, engineer of the proposed Georgian Bay Ship Canal was published early in February. He estimated the cost of the work by the Lake Simcoe route, which he considered the most available one, as \$22,000,000.00, a sum far in excess of the guesses of some of its ardent supporters. A few days later the Board of Trade adopted resolutions "commending the subject," expressing the belief that the proposed canal would have an abundance of business as soon as completed, promising to co-operate with our "Canadian neighbors," and asking the citizens of Chicago to contribute towards Col. Mason's fee as consulting engineer. At a meeting held on the 22nd of February, 1858, the Board of Trade adopted a memorial to Congress, setting forth the dilapidated condition of the harbor improvement, the vast extent of the commerce of Chicago, and asking for an appropriation "sufficient to make the harbor permanently safe and accessible." Hon. J. F. Farnsworth, a Chicago member of Congress, was requested to use his best efforts to secure this appropriation, and also asked to procure the building of a new lighthouse in a more favorable location than the old one. A bill appropriating \$100,000.00 for improvement of the Chicago Harbor was introduced, but Congress failed to act favorably upon it, as usual. On the first of March, 1858, the Board of Trade was visited by Hon. Mr. Christie of Niagara, Canada, who submitted a memorial to the Legislative Council of the Province of Canada, petitioning that body to enlarge the Welland Canal without delay. He asked for the endorsement of the Board,

and requested that the members sign the memorial, and his wishes were complied with.

On the 18th of March the Chicago & Joliet railroad was finished, and the Chicago, Alton & St. Louis thereby secured a direct air line (nearly) to St. Louis. The pork packing of the West for the season of 1857-8, as compiled by the Cincinnati Price Current, exceeded the previous year about fifteen per cent in number of hogs, and the increase of average weight was equal to about 5 per cent additional, or say 20 per cent in all. Most of the packing was done after the middle of December and the season closed much later than usual. All the large packing centers showed increases while the small points fell behind in number of hogs packed. More hogs were slaughtered on the farms, owing to the financial stringency in the early part of the season.

The following are the figures given by this recognized authority for packing of the West for the season 1857-8: Ohio, 599,787; Kentucky, 357,510; Indiana, 423,956; Illinois, 435,411; Missouri, 173,636; Iowa, 86,603; Wisconsin, 16,000; Tennessee, 37,875. Total, 2,130,778. Total in 1856-7, 1,852,479. Increase, 278,299.

Navigation opened very early in the spring of 1858, the winter having been a mild one. The movement of wheat during the winter had been of fair volume, but receipts of corn had barely sufficed for local consumption, and on the 27th of March the elevators were not half full. The report showed in store on that date: Wheat, 1,537,025; corn, 22,022; oats, 99,963; rye, 2,988; barley, 55,888.

There were vessels in the harbor with a carrying capacity of about a million bushels. The Upper Mississippi River opened about the 25th of March, and on the 1st of April the first of the grain-laden fleet sailed from Chicago for the lower lakes.

The tenth annual meeting of the Board of Trade was held at their rooms, corner of La Salle and South Water Street, on Monday, April 6th, 1858. Twenty-eight new members were elected and officers for the ensuing year were chosen as follows: Julian S. Rumsey, President; Thomas Beebe, Vice-President; W. W. Mitchell, Secretary and Treasurer.

The following were elected directors: R. M. Mitchell, H. K. Elkins, I. Y. Munn, George Armour, N. Ludington, J. Magill, B. F. Culver, C. T. Wheeler, D. Kreigh, M. C. Stearns.

The report of the Secretary-Treasurer showed a balance on hand of \$956.75.

A resolution was adopted directing the President and Secretary to prepare and forward to the State Legislature a petition asking for such an amendment of the law under which the Board was organized as would permit the Board to control the appointment of certain inspectors, measures and weighers, and to exact from such appointees bonds for the faithful performance of their duties.

At an adjourned meeting held a week later a motion was carried abolishing all fines for non-attendance in future. A committee was appointed to draw up a new Charter and Constitution; and a proposition made at the annual meeting restricting membership in the Board of Trade to those residing in Chicago and having an office in the city was carried after considerable discussion. The subject of the appointment of a superintendent was referred back to the Directors with power to act. Twenty new names were added to the roll of membership at this meeting. A few days later Mr. P. L. Wells resigned the position of Superintendent, and the Directors appointed Seth Catlin to succeed him.

On the 20th of April a meeting of vessel owners and agents was held at the Board of Trade rooms and a combination effected which pledged the "Board of Vessel Brokers," as the organization was named, to adhere to the following schedule of rates: Wheat to Buffalo, 8 cents per bu.; to Oswego, 12 cents. Corn to Buffalo, 7 cents per bu.; to Oswego, 10½ cents. Oats to Buffalo, 5 cents per bu.; to Oswego, 8 cents. Only one vigorous protest against this action was made. Solomon Sturges offered the following as a substitute for the long report of the Committee favoring the organization of the "Vessel Trust," as the combination would be called in modern days, but his amendment was voted down:

"Resolved, That, in the opinion of this Association, all combinations to influence the prices of grain, freights of vessels, or prices of labor are contrary to sound moral law, if not the laws of God, and that we will not sustain such."

The combination soon went to pieces, and two or three days later it was reported from Milwaukee that "parties in Chicago who have resolved not to accept less than 8 cents to Buffalo are telegraphing up here offering their vessels at current rates." At the opening of navigation the Chicago-Collingwood line of propellers began to make tri-weekly trips between those ports, the propeller Ontonagan of this line sailing from Chicago as soon as ice had disappeared from the Straits of Mackinac.

The river towns, led by St. Louis, continued the agitation for the removal of the Rock Island Railroad bridge, on the ground that it was dangerous to navigation, and in May a committee of the House of Representatives at Washington reported favorably a bill for this purpose. Whether or not, sectional prejudice inspired the committee, as charged by the "Press," cannot be known; but the bill failed to pass. Later in the year Judge Lowe issued a temporary injunction, restraining the bridge company from making necessary repairs to the bridge, but refused to make the injunction permanent. An attempt to burn the bridge was made about the first of October. Most of the money for the war on the bridge was contributed by the St. Louis Chamber of Commerce, which announced in November that they had \$5,000 in hand for this purpose, and tried unsuc-

cessfully to induce the City Council of St. Louis to appropriate an equal sum towards the fund of \$12,000.00 which they estimated would be sufficient to accomplish their purpose.

Public interest in commercial circles was aroused by the announcement that the practicability of using steam as a motive power for canal boats had just been "demonstrated" by a steam canal boat which ascended the Erie Canal from Rochester to Buffalo at a speed of nearly four miles an hour against the current without causing noticeable damage to the banks of the canal itself. The "practicability" of steam propulsion of canal boats was demonstrated several years before the Erie Canal people discovered it. Two canal propellers to ply on the Illinois and Michigan Canal were built by Houghteling and Shepherd in 1853, and were used successfully in the Chicago-St. Louis trade until low water in the Illinois River made transportation at any attainable rate ruinous to all engaged in it. Mention has already been made of the steam canal boat Chief Engineer which was in use in the summer of 1850.

Shortly after the New York Canal authorities became convinced of the feasibility of using canal propellers they issued regulations limiting the speed of such boats to six miles per hour when drawing four feet of water, and five miles when drawing more than four feet; also giving them preference at locks over other boats upon condition of their paying double toll on the propeller boat, and on one boat in tow, if such there were.

"Direct trade" with Europe still caught the popular fancy, and about the middle of June the newspapers enumerated ten American lake sailing vessels which had cleared or were about to clear for Great Britain, most of them loaded with oak staves or black walnut lumber from eastern Michigan or northern Ohio, and only one so far as known, the "Correspondent," carrying grain. One vessel, the schooner "Harvester," took lumber to Hamburg, Germany. The ocean fleet, or Liverpool fleet, as it was called, returned during September and October, most of the vessels bringing back salt or iron to lake ports.

Several meetings of the Board of Trade were held to discuss the question of telegraphic dispatches. On the 17th of June the Board voted to have market reports from Oswego, Buffalo, Montreal and New York posted on the bulletin board daily at noon. A few weeks later, after much dissatisfaction had been expressed, it was voted to continue the telegrams from New York, "provided the necessary funds can be raised by subscription." Five hundred dollars was raised for this purpose.

The inspection system adopted by the Board of Trade in 1856 and 1857 did not work as smoothly as had been hoped, partly because there was no chief inspector and consequently no uniformity in grades, partly because some inspectors were lax in their examinations, if not dishonest, and partly, it would seem, because some

of the warehousemen did not give the system their support. The result was that "Chicago spring" wheat in the New York market was 5 to 8 cents per bushel below the price of "Milwaukee club." On the 24th of May, the Board adopted a recommendation of the Directors that a chief inspector be appointed, and George Sitts was unanimously chosen for the position.

The Committee on Inspection succeeded in persuading the warehousemen to sign an agreement to do all in their power to carry out the new plan, which included a change of the grades of spring wheat into "Club," "No. 1," "No. 2" and "Rejected." They announced that after June 15 the inspection would be much more rigid than heretofore. The action of the Inspection Committee was approved by the Board, and the members pledged their hearty support. Some prominent shippers, however, were opposed to the system, and at a special meeting of the Board of Trade held on the 19th of July an attempt was made by certain shippers to discontinue posting upon the bulletin board a statement of the quantity and grade of grain shipped from each elevator on the previous day. Mr. Walker's resolution to this effect was opposed by Julian S. Rumsey and others, Mr. Rumsey protesting against it "in the name of all that is honest and fair," and asserting that it was but the entering wedge to break up the new system of wheat inspection. This system, he stated, had been unanimously adopted by the Board of Trade to prevent fraud—first, to prevent buyers in the country from mixing wheat with screenings, oats and other substances, and selling the compound as "spring wheat"; and, second, to prevent buyers in the city from mixing cargoes of rejected and No. 1 or No. 2, and selling them as "Chicago spring wheat," thus damaging the character of our market. The Board by voting down Mr. Walker's resolution, reaffirmed its determination to uphold the inspection system and the purposes for which it was adopted.

The Committee on Inspection certainly led a strenuous life in 1858. They barely had time to congratulate themselves on this victory when trouble occurred in a new quarter, and it was openly charged that a large amount of Chicago rejected wheat had been shipped to Beloit, Wisconsin, and thence via Racine to Milwaukee, where it was sold as "Milwaukee Club." Inquiry into this and other irregularities developed a scandalous disregard of the letter, as well as the spirit, of the agreement made by certain warehousemen with the Board of Trade Committee on Inspection, and at a meeting held on the 22nd of November the Special Committee previously appointed made a report giving in detail instances of dishonest methods on the part of several warehousemen, censuring these warehousemen for their acts and recommending further legislative control as the proper remedy for the evil. What some of the crooked practices were may be inferred from one of the resolu-

tions adopted by the Board at a meeting held on the 14th of December, which provides "That the Standing Committee of this Board are hereby directed to prepare a new agreement and request all the proprietors of grain storehouses in the city to sign it, the same to bind them, in addition to all that they have already agreed to, to recognize the present proposed test of weight and change of name, and further not to mix any grain received from boats or teams, or otherwise, that has not been inspected, with that which has, while it is in their possession under any pretense whatever, and that they will put such grain as has been inspected **all** of each kind together (not selecting the best and putting it by itself); that they will not clean, or blow any grain, though it has been inspected, and put it with any other grade without having it inspected. * * *

Also, that the Standing Committee be directed to embody in the agreement with the proprietors of grain houses, anything that in their opinion will promote open, straightforward fair dealing." Another resolution provided "that the grade of spring wheat now known as No. 2 shall be known as "Standard."

"But perhaps the most important action was the provision for a minimum weight test in the following resolution: "That in addition to all the requirements of the present system of inspection the test of weight shall be added to the requirements of spring wheat, so that: None shall pass as club that weighs less than 60 pounds to the measured bushel. None shall pass as No. 1 that weighs less than 56 pounds to the measured bushel. None shall pass as standard that weighs less than 50 pounds to the measured bushel. None shall pass as rejected that weighs less than 40 pounds to the measured bushel." The weight test and change of name of "No. 2" spring wheat to "standard" it was resolved should take effect January 1, 1859. Later the grade of "club" spring wheat was abolished and the grade No. 2 spring wheat revived to weigh between 45 and 50 pounds per bushel. It has been well said of the inspection and grading inaugurated in 1858 that "thus began the great reform in the handling of grain, which was the basis of the present system, the perfection and reliability of which are recognized throughout the world, wherever American wheat is bought."

The great event of the year 1858, and one of the greatest achievements of the nineteenth century was the successful laying of the trans-Atlantic cable between Valencia Bay on the coast of Ireland and Trinity Bay on the coast of Newfoundland. After the failure of several attempts, success crowned the enterprise, and the Chicago morning papers of August 6 describe in superlatives the excitement caused by receipt of the news on the preceding day. There was general rejoicing in commercial circles in Chicago and elsewhere and a salute of one hundred guns was fired on the lake front in honor of the event. The Board of Trade on the 14th appointed a committee to co-operate with the Common Council in

more formal celebration of the wonderful achievement. On the 16th, when Queen Victoria's message to President Buchanan and his reply flashed under the sea, the enthusiasm knew no bounds. On the following day the Board of Trade sent a long congratulatory message to Cyrus W. Field, to whom, more than any other individual, belonged the honor of conducting the great enterprise to a successful issue, and it was unanimously resolved that when the cable should be opened for business the President of the Board of Trade should send a congratulatory message to the Board of Trade at Liverpool. Mr. Field's reply to the President of the Board was received a few days later. A description of the "grand celebration" in the evening occupied three columns in the "Press" and "Tribune" of the 18th, and some of the headlines were "The Union of Two Hemispheres," "Glory to Science," "60,000 Citizens in the Streets!" "Illumination of the Public Buildings," "Bonfires, Music, Fireworks," "Grand Triumphal Procession," etc. For several days a considerable portion of the space in the daily press was occupied by telegraphic news of celebrations in all parts of the country and by other matter relative to the Atlantic Telegraph Line, but after working indifferently for about three weeks the cable ceased to transmit intelligible messages, and only the staunchest friends of the enterprise retained their faith in its ultimate success. Even the newspapers seldom mentioned it, and eight years elapsed before a new cable established permanent submarine telegraphic communication between the two continents. The arrival of the first overland mail from California at St. Louis on the 9th of October was a great event, and was duly celebrated by the people of that city.

Prior to 1858 all pork packing was done in the coldest months of the year, and a low out-of-doors temperature was considered essential to the proper preservation of the meats. Mechanical refrigeration had not been introduced upon a commercial scale; but in the winter of 1857-8, two Chicago packing firms—Van Brunt & Watrous, formerly of New York City, and Tobey, Booth & Co.—stored large quantities of ice, and in the summer of 1858 successfully inaugurated summer packing of pork products in rooms artificially cooled by natural ice, the first named firm packing 25,826 hogs and Tobey, Booth & Co. 11,475. Van Brunt & Watrous purchased and occupied about the 1st of June the Milward packing house, said to have been the most complete in the West.

Referring to summer packed pork, the New York "Corn Exchange Reporter" of Sept. 18, 1858, says: "The ice-house pork arriving from Chicago is of very superior quality, by many preferred to the old; indeed the quality is equal to any we have ever seen, which renders the success of this new mode of curing meats beyond a doubt."

There may be no public record of the fact, but it cannot be doubted that many members of the Board of Trade attended the

first of the famous game dinners given by the late John B. Drake. It was held at the Tremont House, of which he was then proprietor, on the 5th of September, 1858, and among the delicacies were:

Roast—Wild pigeon, mallard ducks, widgeons, prairie chickens, wild geese, sand-hill cranes, wood ducks, gray ducks. Broiled—Squirrels, marsh birds, wild pigeons, blue-winged teal, woodcock with toast and pork, prairie chickens, plover, reed birds. Game pies with olives, hashed grouse with poached eggs, potted prairie chicken, squirrel stewed and in champagne.

At the semi-annual meeting of the Board of Trade, held October 4, 1858, thirty new members were elected. A committee of five was appointed to prepare a new charter and constitution for the Board, and to take measures to have it passed at the coming session of the Legislature. Permission was given the firm of Lee & Armstrong to sell stocks and bonds at auction in the Board of Trade rooms after the meetings of 'Change were over. An effort was made to increase the rate of commissions for selling grain, from one cent per bushel to two and one-half cents on the value of sales, but it was voted down.

About the first of December the Pittsburgh, Ft. Wayne & Chicago Railroad began to run trains to Pittsburgh without change of cars, and on Christmas Day the first passenger train left the depot of that road on the west side of the river for the East. All rail transportation of wheat from Chicago to New York appears to have been a novelty in 1858, the "Press" and "Tribune" of December 11 speaking of it as a new feature, which "has been introduced into railroading recently, and is thought to be of some importance." "Some parcels have already gone forward and with satisfactory results." The Pittsburgh, Ft. Wayne & Chicago Railroad is credited with making the innovation, and all the eastern lines agreed to charge the same rate on wheat in bags or barrels, as on flour. The rate from Chicago is not mentioned, but from Toledo to New York it was 52 cents per hundred pounds.

Before the close of the year, business depression caused by the panic of 1857, was greatly relieved and money was plenty enough in Eastern cities upon approved collateral to warrant newspaper reference to prevailing conditions as a "money plethora."

The following summary gives the number of hogs packed in Chicago during the packing season of 1858-9, and the number slaughtered by each packing firm: R. M. & O. S. Hough, 36,000; Cragin & Co., 30,014; Van Brunt & Watrous, 25,454; Jones & Culbertson, 15,000; G. S. Hubbard & Co., 23,546; Tobey & Booth, 9,000; Leland & Mixer, 8,300; Geo. Steel & Co., 3,581; G. & J. Stewart, 5,139; J. G. Law & Co., 2,500; P. Curtis, 2,000; Burt & Higgins, 1,000; Holden & Priest, 3,000; Andrew Brown & Co., 9,000; sundry others, 6,150. Total, 179,684.

The pork packing season of 1858-9 closed about a month earlier than usual at most of the Western packing points, and on the 2nd of February the Cincinnati "Price Current" published its usual Review, showing an increase in number of hogs packed in the West of about $10\frac{1}{4}$ per cent, but a decrease in average weight, which reduced the actual increase in pounds to about $3\frac{1}{2}$ per cent. Illinois and Iowa showed increases of 25 and 80 per cent respectively, while Indiana and Missouri showed considerable loss in numbers, and Ohio only a trifling gain over the preceding season. Outside of Chicago the only Illinois points among the 55 reporting, which packed more than 30,000 hogs, were Alton, 32,600; Peoria, 45,000; Quincy, 49,000, and Springfield, 37,000. The following summary shows the total packing by States for 1858-9: Ohio, 624,109; Kentucky, 397,117; Indiana, 407,636; Illinois, 596,136; Missouri, 155,774; Tennessee, 65,172; Iowa, 158,217; Wisconsin, 32,702. Total, 2,436,863.

The first annual report of the Board of Trade, prepared by Seth Catlin, superintendent, is of such interest that no excuse is offered for the following copious extracts from it. The tables are copied without effort to correct errors in addition, of which there are several. The Secretary said in part:

"It is customary for associations like the Board of Trade of Chicago to present a yearly statement of the business of the city where such associations are maintained. It is not proposed in this statement so to do, but to give an account of the business of the Board the past year, with a summary of statistics collected.

"It appears from the record the first 'meeting of merchants and business men' was held March 13, 1848, when a constitution was submitted and adopted, but it was not until April 15, 1849, that an act of incorporation was in force, which was adopted by the Board organized May 2, 1850. Although few similar institutions in the country number more members, or transact more business 'on 'Change' than the 'Chicago Board of Trade,' no yearly report has ever been published of its proceedings.

"From the meagre accounts heretofore kept by the Board, very little can be gathered, and in order to make comparisons between the business of this and former years, drafts have been made upon what has been published by newspapers, and the annual report of the 'Chicago Daily Press.' The report of the 'Press' for many years has been very full, and it is believed nearly correct.

"At the commencement of the present fiscal year of the Board, the Directors caused books to be procured, for the purpose of recording what was collected, and it is to be hoped that in future, accurate accounts will be kept of all transactions, with table showing imports and exports of our principal articles of commerce.

"The year now closed, although a gloomy one to commercial men throughout the country, has developed the fact that Chicago and the Northwest are as well prepared to maintain their trade and commerce in years of adversity as the older cities and States of the East. It is true our grain trade has suffered the past year for the want of a foreign demand, but it has nevertheless sufficed to enable our merchants generally to pay their obligations and keep unembarrassed to their business engagements."

The capacity for handling and storing grain in Chicago was given as 4,095,000 bu. storage capacity; 495,000 bu. capacity to receive and ship per day and 1,345,000 capacity to ship per day.

The Superintendent gives a very full account of action of the Board in regard to inspection, but this has been sufficiently described in preceding pages.

Under the head of flour he says:

"The year opened with a comparatively large stock of flour on hand for this market. Prices ruled low, and the entire season has been characterized by general depression and a desire to press sales on the part of manufacturers. This fact, with the poor condition of the wheat crop the past season, has had a tendency to largely decrease the manufacture, but we refer with pride to a statement of the following facts, and think them well worthy of consideration.

"The exports from Chicago in 1855 were inside of 170,000 barrels. In 1857, the amount reached 260,000 barrels, and during the past year the amount has reached nearly 500,000 barrels. Of the increased receipts and shipments, over 140,000 barrels have been manufactured at nine mills located within the city. Of the balance, quite a large portion has been drawn from points not heretofore tributary to Chicago, and from a long distance—say Wisconsin, Iowa and Missouri—many mills have been, and are being built which have only in a limited way helped to swell the increase of the last year from the difficulty in procuring milling wheat, but which another year, with an average crop, will add largely to the aggregate export. An extended review of the prices, either monthly or weekly, for the past year is deemed unnecessary, and aside from the tables of receipts, shipments, etc., below, we would only call attention to the fact that this is undoubtedly the best market for purchases of flour, and is likely to continue so. It is only necessary to state that all the grades of flour, from the best southern white winter wheat to the cheapest spring wheat (including in its growth a range of over five hundred miles, north and south), together with the various grades of Michigan and Indiana flour, seek a market at this point.

Wheat

"It will be seen from the quotations that prices from the commencement of the year until after harvest ruled extremely low.

This was owing to the abundant crop of 1857, the want of any foreign demand, and the general scarcity of money throughout the country. At the commencement of harvest it was evident not much more than half a crop had been raised, and a speculative feeling was engendered among operators. Prices commenced advancing in August and tended upwards steadily until the end of that month. Receipts the first week in August had fallen off to 54,000 bushels, the second week they were 101,000, the third week 208,000, and the fourth week had increased to 404,000 bushels. The amount of wheat in store had increased from 437,000 to 687,000 bushels during that time. There being no margin for shipments, a panic took place and prices receded as rapidly as they had advanced until about the first of October. From that time there was a gradual falling off in prices until the close of the shipping season. On the 20th of November the amount in store was reduced to 220,000 bushels; receipts had fallen off to 129,000 bushels the week ending that date; considerable was being forwarded to adjoining States, and different points in Illinois. Prices again rallied, and have been maintained with slight variations the remainder of the year. Purchases, however, since navigation closed, have been almost entirely for milling purposes, and to supply portions of the surrounding country."

Corn

"Next in importance to the wheat trade among our agricultural products, is that of corn. Contrary to general expectation, the crop of 1857 was large, but as it did not mature, was inferior in quality. As there was little shipping demand, prices ruled low until about the 1st of August. The certainty of a short crop of wheat, and the supposed small amount of corn in the country, created a speculative feeling in this grain also. Prices rose rapidly from the last week in July until the latter part of August, when operators, with a month's receipts of over one million bushels, and an accumulation in store of over half a million bushels, became aware that prices only were wanted for our Illinois farmers to furnish almost any amount of corn that might be called for. From that time until the close of the season prices gradually fell off. The shipping demand, however, continued good until the close of navigation, leaving but a few thousand bushels in store. Since the close of navigation the local and foreign demand has been fully up to the supply; so much has been demanded by Canada, Michigan and Indiana that prices have been controlled by the receipts entirely. Corn has ruled for new shelled from 45 to 62 cents per 60 pounds, and in the ear from 40 to 58 cents per 70 pounds, prices having fluctuated from 5 to 10 cents per bushel per week. Quite a large quantity has been taken for distilling at points through Indiana and Ohio."

The quantity of corn received for the year was 8,252,641 bushels.

Table Showing Weekly Prices of Corn During the Year 1858.

Week ending—	Corn	Week ending—	No. 1 Corn	No. 2 Corn	Rejected Corn
January 2.....	.43 @.44	June 19.....	52	47 @.47½	.....
9.....	.45 @.46	26.....	.49 @.50	44 @.45	.....
16.....	New	July 3.....	45	37	.....
23.....	25 to	10.....	.45 @.45½	38 @.39	36 @.37
30.....	25 to	17.....	.44½	40½@.41	.....
February 6.....	.34	24.....	51	47	38
13.....	.60 lbs.	31.....	57	52	43
20.....	Old, 40	August 7.....	68	63	46 @.46½
27.....	40	14.....	.64 @.65	61 @.62	55
March 6.....	40	21.....	.68½@.69	65½@.66	.....
13.....	New, 30	28.....	61	57	.....
20.....	.31 @.31½	September 4.....	.60 @.60½	56 @.57	53
27.....	.32 @.33	11.....	.55 @.56	53 @.54	50 @.52
April 3.....	35	18.....	57	55	.....
10.....	.37 @.38	25.....	.57½@.58	55	.....
17.....	.39 @.40	October 2.....	55	53	50
24.....	.40½@.41	9.....	50	48	.....
May 1.....	.44 @.45	16.....	50	48	.....
8.....	.37 @.45	23.....	49	.....	.....
15.....	.37 @.44	30.....	58	.....	.....
22.....	.39 @.45	November 6.....	.61 @.62	.....	.....
29.....	.44 @.48	13.....	60	.....	.....
June 5.....	.44 @.49	20.....	.54 @.55	.....	.....
12.....	.46 @.51½	27.....	50	.....	.....
		December 4.....	.50 @.52	.....	.....
		11.....	56	.....	.....
		18.....	.....	.....	.....
		25.....	.....	.....	.....

Oats

"The crop of oats in 1857 was large, and of an excellent quality. The demand for shipment being light, fully one-half raised that year was on hand at the opening of navigation. There was but a slight advance in prices until about the middle of July, and nearly all that came forward was taken for shipment. In consequence of the wet spring, it was supposed, early in the season, that the crop would be light, and as harvest approached, it was apparent, not only that but few oats would be harvested but that what was harvested would be miserably poor. About the first of July operators from St. Louis, Quincy, Burlington, Iowa, Cincinnati, and other points, appeared in the market, and the price rapidly advanced from thirty to fifty cents per bushel up to the 15th of August. This advance was caused by the fact of the crop of 1858 being nearly worthless, and the fear of losing the control of the benefits arising from the scarcity of good oats for seed and other purposes. In the meantime, the demand for shipments had entirely fallen off, and on the 14th of August there was in store two hundred and twenty-eight thousand bushels. But most of the old crop had come forward, and with light receipts, and a demand for the St. Louis market, prices have kept up throughout the year for the 1857 oats. Most of the 1858 oats which have come forward have been taken for city consumption at lower prices. Oats have been shipped to Chicago from Buffalo, Milwaukee, and other lake ports, amounting to seventy-five thousand bushels, while they have been exported largely to New Orleans, St. Louis, Cincinnati, and to points in the interior west and south of us. At present the stock of oats of crop of 1857 on hand here is small, and generally

held out of the market for spring sales for seeding. At present, new are selling at forty to forty-eight, and old from fifty to sixty cents per bushel." Amount received for year 1858, about 2,327,000 bushels.

Table Showing Weekly Prices of Oats During the Year 1858

January	2.....	22	@25	July	3.....	30
	9.....	20½	@21		10.....	30½
	16.....	22	@23		17.....	30½@31
	23.....		22		24.....	38
	30.....		23		31.....	39 @40
February	6.....	23	@24	August	6.....	43
	13.....		23		14.....	49 @50
	20.....	22	@23		21.....	48 @49
	27.....	22	@23		28.....	48 @49
March	6.....	23	@23½	September	4.....	47
	13.....	24	@24½		11.....	47
	20.....		25		18.....	44 @45
	27.....	25½	@26		25.....	40 @45
April	3.....	25	@25½	October	2.....	38 @40
	10.....		25		9.....	44
	17.....	26	@26		16.....	45
	24.....	27	@27½		23.....	31 @45
May	1.....		27		30.....	35 @45
	8.....		25	November	6.....	34 @45
	15.....		26		13.....	34 @45
	22.....		26		20.....	34 @45
	29.....		26		27.....	
June	5.....		30	December	4.....	43 @45
	12.....		32		11.....	48
	19.....		31		18.....	50
	26.....	31	@31¼		25.....	50

The extreme prices quoted are for old oats, or those raised in 1857. New oats have sold much lower.

Rye

"But a small amount of rye is raised in Illinois, in comparison with other grains. There is seldom any shipped from Chicago, and very little used for breadstuff. The receipts for the year 1858 foot up 71,012 bushels. Of this 7,569 bushels have been shipped to Buffalo. Most of the balance has been used by distillers, with the exception of 763 bushels remaining in store.

The following shows the prices of rye, in this market, on the first day of each month for the year 1858:

Prices of Rye for 1858

	1858		1858
January	48@50	July	51@52
February	48@50	August	59@60
March	50	September	70@75
April	49@50	October	55@60
May	50@53	November	56@57
June	50@52	December	55@60

Barley

"This, like the oat crop, is small, and was supposed to be a failure. Still, more barley has been exported during the year 1858 to the east than since Chicago became an exporting port. The largest shipment for any previous year was in 1854, which amounted to 33,683 bushels, while for 1858 the amount was 119,157 bushels. The barley trade has increased from 192,387 bushels in the year 1853 (vide 'Press') to 326,373 bushels in 1858. Until the past year a large amount of barley has been imported from Canada, New York, Pennsylvania and Ohio, and has been distributed from here to Iowa, Wisconsin, Indiana, Ohio, Missouri and our own State. Owing to the inferior quality of that produced in our own State, the barley from the east has this season brought a better price. Speculators were attracted to it early in the season by the low price in comparison with former years, and prices gradually advanced from 30 and 40 cents in January to the middle of September, when it reached 60 to 80 cents, when the increased receipts and the continued decline in eastern markets caused a turn in the market, and at the close of the season prices ranged at 38 to 40 cents for No. 2 and 65 and 70 cents for No. 1. This large difference in price is caused by the small amount of strictly prime arriving from the crop of 1858." Receipts for the year 1858 were 413,812 bushels.

Grass Seed

"The quantity of grass seed marketed this year has been large, and the quality excellent. Very little clover seed has been received. As our canal and railroads make no distinction in their books, but enter both as 'seeds,' the quantity of each kind received cannot be arrived at." A total of 4,271,732 pounds was received during the year.

Beef Cattle

"The past year has shown a very great increase in the cattle trade of Chicago. Not only have the vast prairies of Illinois contributed largely to this market, but Indiana, Iowa and the entire beef-growing territory of the Northwest have all made Chicago the center of their operations. Within the past year, too, large droves

of cattle have been driven hither from Texas, and this trade—which has increased at least two hundred per cent during the year 1858—promises to be one of no small magnitude. Western drovers find that, as a general thing, it is more profitable to sell their cattle here than risk the fluctuations and uncertainties of New York or Albany markets. Thus has our cattle trade, within one year, taken the first position, as to importance, and numbers, in the United States, out of New York City.

“Here throughout the entire year are concentrated buyers from all the markets in the East—from Albany, New York, Cambridge and Brighton, and cattle in good condition are never a drug in the market. If cattle are low-priced in the East buyers have the opportunity afforded them of pasturing their stock on our prairies till the market improves, and that at no expense whatever. This is an advantage which no other large market in the United States enjoys; and it is this fact which, more than anything else, contributes to the growth and prosperity of the trade.

“In no other city on this continent is there a daily cattle market which has been as regularly represented throughout the year as our grain and provision markets, with the publication of our daily receipts; and this enables the drover to sell out almost as soon as he arrives, without the delays or hindrances which annoy and harass the drovers in the East, if circumstances should delay them beyond the special market day. In Chicago there is generally a good shipping demand; then there is a demand by beef packers, and there is also the constantly increasing requirements of our city butchers, so that cattle traders have generally little difficulty in disposing of their stock.

“The receipts of cattle at this point, by railway alone, amounted during the year to 119,534, while the shipments foot up 42,638, thus showing an increase in the receipts, outside of the vast number driven here on foot, of 71,010 over the receipts of 1857, and an increase in the shipments of 17,136 over that of 1857.

“Like everything else during the past year, beef cattle have been low-priced in all the markets of the United States. In January there was a good demand for fat steers at \$3@3.75 gross and \$4 for extra; but the great bulk of the receipts were of the denomination known as ‘scallawags,’ which were sold at a range of \$2.25@2.50 gross. In February, owing to mild weather, and larger receipts of good beeves, beef packers were induced to commence operations again, and thus make up the deficiency caused by the monetary crisis which set in all over the country the previous fall.”

The Secretary states that during the depression in the summer many drovers sent their cattle back to the prairies rather than sell at the current prices, one owner shipping his stock home to Champaign County. During a similar period of low prices in the fall some drovers had their cattle slaughtered by city packers

and the beef shipped to New York for sale. The Secretary's report continues:

Hogs

"In addition to the number of hogs used up in the city packers and butchers, Chicago during the past year has become a most important shipping market. After the packing of 1857-8 was closed, up to the 1st of November last, our receipts of live hogs ranged from 19,000 to 45,000 monthly. Such immense receipts during the summer attracted hither buyers from the East, whose purchases, along with those of our own ice-packers, rendered the market quite active. The low price of corn in the early part of the summer throughout this State, and especially in Iowa, induced farmers to feed their hogs rather than send their corn to market. Our receipts were therefore composed principally of fat hogs, which were bought by ice-packers in New York, Boston and other points."

As will be seen from the table of weekly prices given below, the range of prices during the summer months was \$3.25@4.40 per 100 pounds gross. Stock hogs selling at 50c@\$1 per 100 pounds below these figures.

The following summary shows the receipts of hogs, live and dressed, in 1858, 416,225 and 124,261 respectively.

"The following table shows the weekly prices of live and dressed hogs during 1858:

Prices of Hogs at Given Dates in 1858

		Gross	Dressed			Gross	Dressed
January	2.....	\$3.70@4.00	\$4.35@4.75	July	3.....	\$3.00@3.40	.....
	9.....	3.30@3.75	4.10@4.50		10.....	3.00@3.40	.....
	16.....	3.25@3.75	4.25@4.50		17.....	3.50@4.00	.....
	23.....	3.30@3.80	4.25@4.50		24.....	3.50@4.30	.....
	30.....	3.50@4.00	4.25@4.75	August	31.....	3.20@4.00	.....
February	6.....	3.90@4.10	4.75@5.12		7.....	3.30@4.40	.....
	13.....	4.50	5.50		14.....	3.20@4.25	.....
	20.....	4.50@4.75	5.50@5.75		21.....	3.20@4.00	.....
	27.....	4.50@4.60	5.00@5.50		28.....	3.30@4.00	.....
March	6.....	4.00@4.25	5.12@5.75	September	4.....	3.30@4.20	.....
	13.....	4.00@4.50	5.25@5.50		11.....	3.25@4.25	.....
	20.....	4.25@4.62	.....		18.....	3.25@4.25	.....
	27.....	4.25@4.50	.....		25.....	3.50@4.60	.....
April	3.....	4.25@4.50	.....	October	2.....	3.50@4.50	.....
	10.....	4.25@4.50	.....		9.....	3.50@4.50	.....
	17.....	4.00@4.25	.....		16.....	3.50@4.25	.....
	24.....	4.00@4.25	.....		23.....	3.30@4.00	.....
May	1.....	4.00@4.25	.....	November	30.....	3.50@4.50	.....
	8.....	4.00@4.25	.....		6.....	3.50@4.10	.....
	15.....	4.00@4.25	.....		13.....	3.50@4.50	\$5.12@5.50
	22.....	4.00@4.25	.....		20.....	3.75@4.60	5.30@5.62½
	29.....	4.00@4.40	.....		27.....	3.50@4.50	4.50@5.50
June	5.....	3.90@4.25	.....	December	4.....	4.40@5.30	4.50@6.25
	12.....	3.25@3.50	.....		11.....	4.50@5.30	5.25@6.50
	19.....	3.25@3.75	.....		18.....	4.25@5.25	4.50@5.75
	26.....	3.00@3.40	.....		24.....	4.25@5.40	4.50@6.50

The Provision Trade

"From the rapidly increasing importance of our provision market, and the fact that in pork packing we have advanced to the position of being now the third largest point in the West, bidding fair in a few years to rival both Cincinnati and Louis-

ville, while our beef packing far exceeds, both in extent and value, any other in the States, a cursory review of the transactions for the past year cannot prove uninteresting to the members of the Board. In the month of January, 1858, provisions ruled lower than any other period of the season. Mess pork in the early part of the month sold at \$12@12.50 and 1,500 barrels were sold by one of our packers to a Canadian house for April delivery at \$12. Later in the month, about the 25th, the market commenced improving, and sales were made at \$13 per barrel, with an advancing tendency. Prime and rump pork brought \$9.50@10 per barrel. Cut meats were dull and in limited request at 4@4½ cents per pound for shoulders, 5@5½ cents for sides, and 6@6½ cents for hams. Prime lard was held at 8@8¾ cents. At the inside rate some large sales were made to speculators. Mess and extra mess beef were held at \$10@11 per barrel. No. 1 tallow at 9¾@10 cents per pound.

"The improvement established in the market at the close of the month of January continued through February. Mess pork sold readily at \$14.50@15, and prime and rump pork at \$10.50@11. Cut meats also shared in the advance, and shoulders sold at 5¼ cents, sides at 7 cents and hams at 7½ cents per pound. Prime lard sold at 9@9½ cents per pound. The outside figure was reached about the middle of the month, but towards the close the market again declined ½ cent per pound. Mess and extra mess beef sold at \$11@12 per barrel and No. 1 tallow at 10@10½ cents per pound.

"At the close of the month of April prices had reached the highest point for the year. In the beginning of the month of May the eastern demand fell off, and the market became weaker. Mess pork was freely offered at \$16.75, while prime and rump, for which \$14 had been refused, were freely offered at that price. Cut meats were also dull at 5½@7½ cents for shoulders, sides and hams. Prime lard maintained its previous value better than any other product, and was in demand at 10¼@10½ cents, but the quantity offering was very small. Mess and extra mess beef were firmly held at \$11@12. Prime tallow in fair demand at 9¾ cents.

"In August, most of the winter packed pork being in the hands of one house, mess was held off at \$17. The ice-cured pork, however, which was offered at \$15.50, and which was found to give general satisfaction, sufficed for the local trade and prevented the market from being forced up. Early in the month a sale of 500 barrels mess, for delivery in the following November, was made at \$13.50, this being the first forward sale of the season. Towards the close of the month another sale of 500 barrels mess for the same delivery was made at \$14, and some prime lard at 9@9¼ cents. Cut meats, bacon and lard for present delivery were scarce and nominal. Mess and extra mess beef \$11@12. Prime tallow 9¾ cents.

"Most of the transactions in the month of September were for

forward delivery. Several thousand barrels of mess pork were contracted for for delivery from December to February at \$14.50 per barrel. The purchasers were principally Louisville houses. Most of the old pork was shipped to New York, and 579 barrels having been sold for Canada at \$15 the market was pretty well cleared. Some prime lard was sold for winter delivery at 9½ cents, but it was afterwards offered at the same figure unsuccessfully. There were no cut meats offering. Mess and extra mess beef were offered at \$9.50@10 for forward delivery, but operators did not seem desirous of taking hold. * * *

"The offerings for forward delivery were so rapidly picked up, in the beginning of the month of November, that sellers retired from the market. Some sales of mess pork were made for delivery all winter, sellers' option, at \$14.50, but about the 20th the market became much excited and some sales were made as high as \$16 per barrel.

"The market continued excited in the commencement of the month of December. Mess pork sold at \$16.50, and most holders asked \$17, but towards the close of the month buyers became scarce, and seemed distrustful even at \$16. Prime and rump dragged heavily at \$12, the stocks constantly accumulating and no buyers to be found. Cut meats were also dull at 5¼ cents, 7½@7¾ cents for shoulders, sides and hams. Prime lard advanced to 10¾ cents, but there seemed no disposition to operate at that figure, and it subsequently declined to 10¼ cents, again advancing at the close to 10½@10¾ cents. Mess and extra mess beef were dull at 9@10. Shipments by lake for the month about 4,000 barrels. Prime tallow in good demand and firm at 9½@10 cents."

Lumber.—The total receipts of lumber for 1858 were 278,943,506 square feet, a falling off of nearly 40 per cent from the previous year.

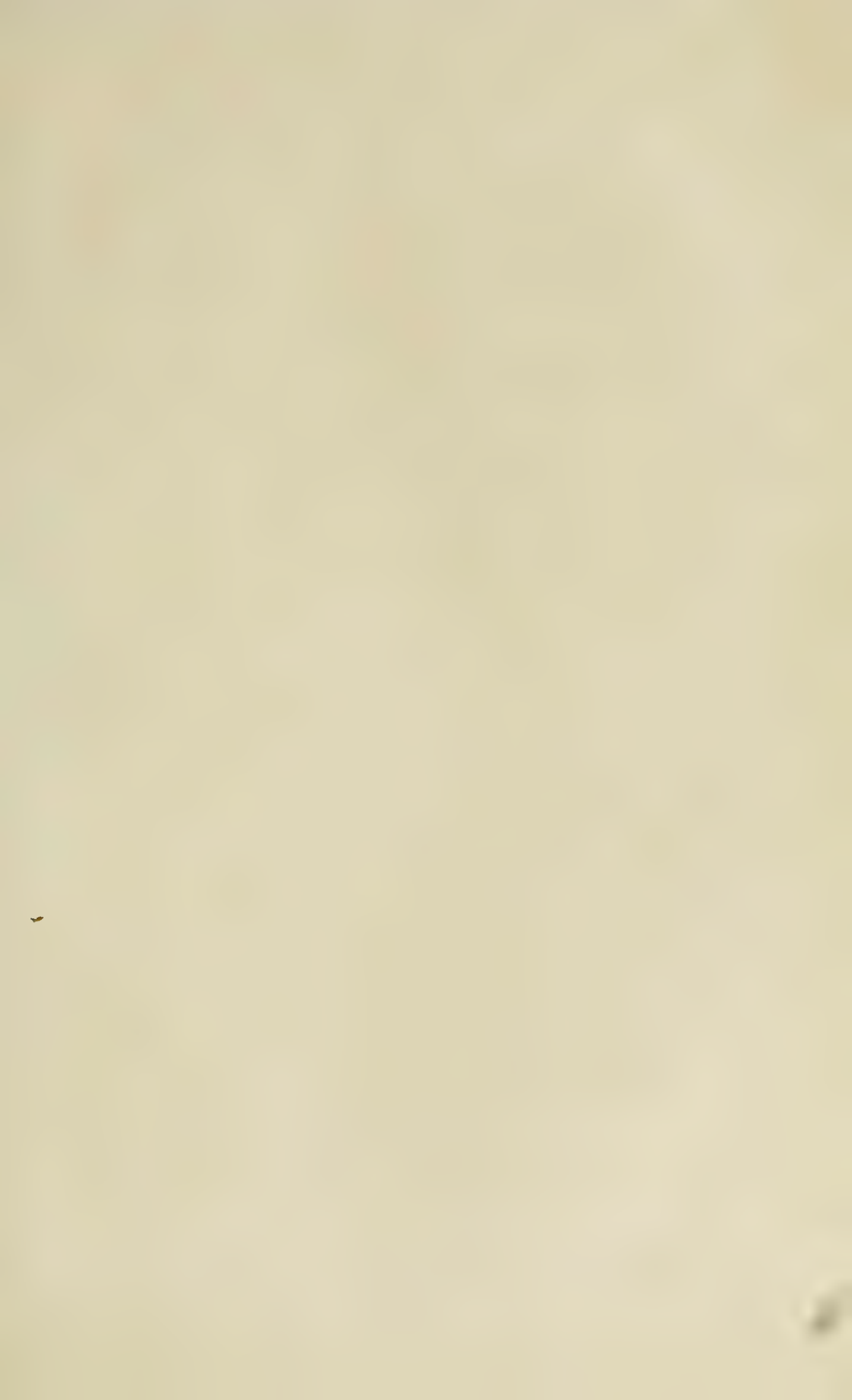
High Wines.—Total receipts and shipments of high wines during the year 1858 were 38,644 and 28,007 barrels respectively. The amount manufactured in Chicago during the year was about 60,000 barrels.

Total Commerce of Chicago in 1858

Lieutenant-Colonel J. D. Graham, U. S. T. E., reported to the Board of Trade that the lake tonnage enrolled at the Port of Chicago in 1858 amounted to 8,151 tons in steam vessels and 58,771 tons in sail vessels, and that the aggregate value of imports and exports for the year was \$174,896,011.70.

1859

The Legislature of Illinois by Act approved March 7, 1859, granted a special charter to the Board of Trade enlarging its scope in some important particulars; giving its Committee of Arbitra-





Seth Catlin, Secretary, 1858-1863
Came to Chicago 1835, Died 1863.
Board of Trade Erected Monument at a Cost of \$1,000 in
Rose Hill.
Compiled First Trade and Commerce Statements.

tion and Appeals quasi judicial powers; authorizing the acting chairman of either of these committees, when sitting as arbitrators, to administer oaths to the parties and witnesses and to issue subpoenas and attachments compelling the attendance of witnesses, the same as justices of the peace, and, in like manner, directed to any constable to execute. Section eight of the charter provided that when "a final award shall have been rendered" in any case submitted to the committee in writing, and no appeal taken within the time fixed by the rules or by-laws, "then on filing such award and submission with the clerk of the Circuit Court, an execution may issue upon such award as if it were a judgment rendered in the Circuit Court, and such award shall thenceforth have the force and effect of such a judgment, and shall be entered upon the judgment docket of said court."

The new charter also conferred upon the Board power to appoint inspectors, weighers, measurers and gaugers, whose brands or certificates should be evidence between buyers and sellers employing them or assenting to their employment as to the quality or quantity of the property so inspected, weighed or measured. On the 25th of March the Board adopted after full discussion a new set of by-laws designed to make use of the additional powers conferred upon the association by the new charter.

Tolls on the Erie Canal having been materially reduced, the Board of Trade adopted a memorial to Hon. A. T. Galt, Inspector General of Canada, asking for a corresponding reduction in tolls on the Welland Canal, and delicately intimating that failure to grant the desired relief might be expected to cause a diversion of the traffic hitherto enjoyed by the Welland Canal to other routes. In the latter part of February a delegation from the Board of Trade visited St. Joseph, Missouri, to attend a celebration in honor of the opening of the Hannibal and St. Joseph Railroad. This event was notable, as the Hannibal & St. Joseph was the first line of railway to connect the Chicago system of rails with the Missouri River. It furnished, too, the most direct and expeditious route from the Northern and Central States to the newly discovered gold mines at Pike's Peak, which were making almost as much excitement as California did ten years before. Lines of overland stages running from St. Joseph and Leavenworth made the trip to Pike's Peak in about a week. The people of St. Joseph, Hannibal and Quincy organized a return excursion about the first of August, and the Board of Trade sent a committee to Galesburg to meet the excursionists, and when they reached Chicago they were escorted to the Exchange, where the usual speech-making was indulged in. One of the notable features of the welcome given to the visitors was the game dinner of the Audubon Club at the Tremont House, where the menu was even more elaborate than that provided by the same hotel in the previous year, to which reference has been made.

In June the Chicago, Iowa & Nebraska Railroad, running westward from Clinton and virtually an extension of the Galena Air Line, was opened to Cedar Rapids, and the usual celebration followed.

The Liverpool Corn Exchange adopted the Cental system on the first of February, and the arrival of steamers with quotations of that, or a later date, was awaited with interest. About the first of November this action was rescinded and wheat quotations were sent per bushel and occasionally per cental.

Two blocks of the horse railroad in State street, the first street car line in Chicago, having been completed in January, and equipped with a car, trial trips were made, and passengers did not complain of exorbitant fares, although the journey was short. Early in the year Congress made an appropriation of \$87,000 for the purpose of securing and preserving the lighthouse at Chicago. A portion of the money was spent for this purpose, but as the North pier was in a very dilapidated condition, and a Board of Trade committee had expended several hundred dollars in temporary repairs, a petition to the Secretary of the Treasury asking that the unexpended balance be used to rebuild the pier, was signed by officers and members of the Board and forwarded to Washington shortly after Christmas. The Secretary declined to act, and a bill was introduced in Congress authorizing the use of the unexpended portion of the original appropriation as desired by the Board of Trade. It passed the House of Representatives, but failed to pass the Senate.

The eleventh annual meeting of the Board of Trade, the first under the new charter, was held at their rooms, April 4, 1859, and resulted in the election of Julian S. Rumsey, President (re-elected); Thomas H. Beebe, First Vice-President; S. Clary, Second Vice-President.

Directors: E. W. Densmore, Geo. Steel, A. Dow, Wesley Munger, Jos. H. Tucker, E. B. Stevens, Geo. M. How, L. P. Hilliard, A. S. Burt, Hiram Wheeler.

A spirited campaign had been conducted by the warehouse and shipping interests opposed to a vigorous administration of the inspection rules against the re-election of Mr. Rumsey, who, more than any other member of the Board, is entitled to credit for the reforms of the previous year; and his triumph under the circumstances indicated the determination of the Board of Trade to adhere to honest methods of business. The Directors' report recommended among other things that members buy and sell corn in all cases by the standard bushel of 56 pounds, and that reporters refrain from reporting sales made otherwise. The Treasurer's report was as follows: Balance on hand from last year, \$956.75; receipts, \$4,359.90. Total, \$5,316.65. Expenditures, \$5,087.32, leaving balance on hand, \$229.33. There were 520 names on the Secretary's list of members, and twenty-one new members were admitted.

Seth Catlin was appointed Secretary and George R. Eckley, Treasurer.

About the first of April the manufacturers of lumber formed an organization entitled "Lumber Manufacturers' Association of the City of Chicago," and opened Exchange rooms in Lind's block, where it was intended to buy and sell cargoes of lumber. They desired a revision of the rules of lumber inspection, and intended to petition the Board of Trade to approve the revision. Robert H. Foss was elected President of the association.

Early in May the trustees of the Illinois and Michigan Canal reduced tolls on many articles of merchandise and produce, including flour, bacon, hams, pork and lard, but declined to make any reduction on grains or lumber as requested by the business interests of the Board of Trade. They also ignored the protest made by the directors of the Board against removal of the collector's office to Bridgeport.

Mr. John S. Newhouse, who was about erecting a building on the north side of South Water street, between LaSalle and Wells, proposed to lease the second story thereof to the Board of Trade for an Exchange room for the term of ten years at \$1,250 per annum. This proposition was accepted by the Board, and it was expected that the new rooms would be ready for occupancy by the first of January, 1860.

The virulence of the attacks made by the St. Louis Chamber of Commerce and others upon the Rock Island bridge did not diminish as time wore on and the vast traffic between Iowa and Chicago increased. Statistics published about this time showed that with only 105 miles of the M. & M. R. R. (the Iowa extension of the Rock Island Railroad) completed, ten loaded cars passed over the bridge to every boat which went through the draw, the value of this commerce already approximating that which passed up and down the Mississippi at this point. The avowed aim of the St. Louis people was removal of the bridge, in the hope that a precedent might be established which would deter capitalists from investing money in other bridges, more than one of which had been begun. Not content to await the result of a legal attack based upon its alleged impediment to navigation, and supplemented it would seem by criminal attempts to wreck the bridge, its enemies persuaded the Secretary of War to appoint a commission to report upon the question at issue, evidently fearing that the Supreme Court of the United States would sustain a decision already rendered by an inferior court in favor of the bridge. The St. Louis Chamber of Commerce pursued its warfare on the bridge with so much rancor that the Chicago "Press and Tribune" called upon the Board of Trade to defend the interests of the city as well as the States east of Chicago, whose commerce imperatively required not only a bridge at Rock Island, but one at Fulton, at Quincy, Burlington,

Dubuque, Prairie du Chien and La Crosse. The amount of money raised for warfare on the bridge, and most of which it was asserted was used principally to support hirelings, to corrupt men, and create public opinion, was \$37,500, of which the city of St. Louis and its Chamber of Commerce were credited with \$17,500, the city of New Orleans \$5,000 and individuals \$15,000. A decision adverse to the existence of the bridge would have diverted considerable traffic temporarily from the east and west railroads to St. Louis, but with the growth of the Trans-Mississippi country, and extension of the railroad system, bridges across the great river would soon have been a necessity, and some modification of the old doctrine of the inviolability of navigable waters was inevitable.

A great excursion of citizens of Cincinnati, Dayton, Lexington, Ky., and other places arrived in Chicago on the 15th of June to celebrate the opening of the so-called "Air Line Route" via Cincinnati, Hamilton & Dayton and Pittsburgh, Fort Wayne & Chicago Railroads. The Chamber of Commerce of Cincinnati was escorted by the President and other officers of the Board of Trade of Chicago from the Tremont House to the rooms of the association, where a formal reception was held, and an address of welcome made by President Rumsey. Responses were made by President Torrence of the Cincinnati Chamber of Commerce and others, and everything possible was done by the citizens of Chicago to entertain their visitors.

In the summer of 1859 the Chicago newspapers, or at least one of them, began to publish almost daily market reports from Boston, Baltimore, Cincinnati, New Orleans, Toledo and other places, as well as from New York, Buffalo, Oswego and Montreal, which had been reported with tolerable regularity before. A meeting of the Directors of the Board of Trade was held on the 11th of July, at which, after considerable discussion, it was resolved "that the custom which prevails among certain warehousemen of lending grain which has been stored with them by other parties, or in speculating in the same themselves, is prejudicial to the interests of the members of the association, and exercises a false influence on the market, and ought to be discountenanced by the Board." It was also resolved that the warehousemen be requested to keep the old and the new crop of wheat in separate bins. It was also resolved that the present inspection of the old crop be strictly adhered to.

The Board offered as prizes for exhibits of wheat at the coming Fair of the United States Agricultural Society \$200 for the best 100 bushels of spring wheat, \$225 for the best 100 bushels of red winter wheat and \$250 for the best 100 bushels of white winter wheat, the object of the Board being to distribute the wheat for seed during the ensuing fall and spring. A premium of \$50 offered by the Board for the best and most economical fanning mill for farmers'

use was awarded to a Janesville manufacturing firm. Chicago grain dealers must have been "working men" in the strictest sense of the word, in the year 1859, and an editorial in the "Press and Tribune" of July 4, credits them with being "the hardest worked race of beings on the face of the earth. They get up at sunrise, bolt their steak and rolls, and rush down to the 'first board,' which meets at a well known corner between 8 and 11 o'clock." At 11 the "second Board" met at the Board of Trade rooms, but buyers and sellers waited for the New York dispatches, which were due about noon. Early in the afternoon the "third board" congregated on the corner before mentioned (called Gamblers' corner by some unregenerate rascal), where nothing was heard but "No. 1 red," "standard," "my option all next week," "your option next ten days," etc., until the court house bell striking 6 o'clock cleared the sidewalk and allowed pedestrians to pass unmolested. The "fourth board" met on the sidewalk opposite the Tremont House an hour later, and trading continued until 9 o'clock, when the overworked grain traders went home for a few hours' sleep.

The Committee on Inspection had its troubles again in 1859. In July the grade of No. 2 white winter wheat was established, to include all white winter wheat, which was mixed with chaff or other substances or was not strictly prime. Such wheat had been put into the bins with No. 1 red before this time. In August the grade of "standard" spring wheat was dropped, and the minimum weight of No. 1 spring was fixed at 58 pounds per bushel, No. 2 spring at 52 pounds and rejected at 45 pounds. In October a grade of "extra club spring" wheat was established to include a superior quality of Northern Wisconsin spring wheat, arriving over the newly opened line to Fond du Lac.

On the 13th of December the Directors again amended the inspection rules by the following resolution: "Resolved, That on and after the first of January, 1860, no spring wheat shall pass as No. 1 that weighs less than 59 pounds to the measured bushel; none shall pass as No. 2 that weighs less than 56 pounds to the measured bushel, and none shall pass as rejected that weighs less than 45 pounds to the measured bushel." Inspectors were also directed to reject grain mixed for the purpose of deception even if it should come up to the required standard.

Rigid enforcement of the inspection rules, and increasing requirements for the higher grades of spring wheat, bore fruit during the last half of the year in a better demand, and for the first time in the history of the Chicago grain trade the price of spring wheat made a near approach to red winter. Towards the close of navigation No. 1 spring and No. 2 red winter occasionally sold at the same price, although usually there was a difference of two or three cents in favor of the latter, while the new grade of extra club commanded a premium of about five cents over No. 1 spring.

Less was heard in 1859 about direct shipment of grain to Europe, and no cargoes are known to have left any lake port for the other side of the Atlantic. The shipment of staves and walnut lumber, however, continued, and in October several of the vessels engaged in this trade passed Constantinople on their way to the Danube. Two others were reported at Fayal in November, returning to New York, one of them of 340 tons, carrying a cargo of salt, and the other of 280 tons, loaded with pig iron from Scotland.

The Grand Trunk Railway of Canada, which was completed to Detroit, where connection was made with the Michigan Central late in November, furnished Chicago another all rail route via Montreal to the Atlantic seaboard at Portland, and during the winter made itself known as a competitor for foreign trade by announcing a through rate on pork products of 87½ cents per 100 pounds to Liverpool, via Portland.

Wheat

The war between Austria and France was the great market factor in 1859. Under this influence No. 1 red winter, which had sold at \$1.08 at the beginning of the year, advanced to \$1.68 or more about the middle of May, and No. 1 spring to \$1.30. There was no scarcity in Europe, however, foreign markets refused to follow the advance, and from this time until harvest there was a steady decline, which was not arrested until No. 1 red winter touched 85 cents per bushel in August, and No. 1 spring 70 cents, causing immense losses to western speculators, who had forced prices far above shipping values. The decline was as great as in the panic year of 1857, but more gradual. The bull speculation in the spring was aided by a bitter rate war between the eastern railroads, which affected freight as well as passenger fares, and gave the inflated prices of wheat an appearance of stability which was wholly fictitious. Just before the outbreak of war, too, a scarcity of wheat developed in St. Louis, as in some previous seasons, and the small stock in Chicago was drawn upon to supply this deficiency. Millers in Michigan, Indiana, Illinois, Wisconsin and Iowa still further depleted Chicago wheat stocks.

Corn

Early in June a severe frost, said to have been the most destructive freeze since 1815, visited the States east of the Mississippi River and north of the Ohio, causing losses computed by "tens of millions," according to the local press. The frost was heaviest in Ohio, Western Pennsylvania and New York, and the fear of a short corn crop in the autumn may have prevented this cereal from participating fully in the terrific decline which carried "standard spring" down to 51 cents in the latter half of July, the price of No. 1 corn at the same time being 63@64 cents per bushel.

Another severe frost visited Michigan, Wisconsin and North-

ern Illinois early in September. In Michigan frost occurred on four nights within one week; and yet in spite of frosts, and in spite of a drought in July and August, the corn crop of the West as a whole was reported larger than ever before. The scarcity of old corn, however, was so acute that the highest price of the year was reached about the middle of October after the assurance of future abundance was complete, when 81 cents per bushel was paid for a small quantity of No. 1 corn for shipment.

Oats

No. 1 oats advanced from 47 cents at the beginning of the year to 56 cents in May; declined again to 24 cents early in September, and at the close of the year were salable at 34 cents per bushel.

Rye

No. 1 rye, which was quoted at 60@66 cents in the first week of January, advanced to \$1.15 in the latter part of May and declined to 51 cents before the end of July. In the closing week of the year it was quoted at 74@75 cents per bushel.

Barley

The highest quotation for No. 1 barley, \$1 per bushel, was reached in February and March, when a long decline set in, lasting until the close of August. The lowest price of the year, reached at this time, was 35 cents, from which there was a sharp recovery, a part of which was again lost before the year closed. The last quotation given in Secretary Catlin's report is 59@60 cents.

Receipts and Shipments in 1859

	Receipts	Shipments
Flour, barrels	887,821	686,351
Wheat, bushels	8,060,766	7,166,698
Corn, bushels	5,401,870	4,349,360
Oats, bushels	1,757,696	1,185,703
Rye, bushels	231,514	134,404
Barley, bushels	652,696	486,218

In his review of grain inspection the Secretary says: "No rule exists compelling inspection of grain received by canal, or of grain shipped direct from the cars into vessels, or into the cars of other railroads." And this fact explains why less than half the corn receipts were inspected, and only about one-fifth of the oats. Of the wheat received nearly seven-eighths was inspected.

Hogs

Receipts of hogs at Chicago fell off nearly 50 per cent, and shipments in a slightly smaller proportion. The decrease was due to the small corn crop of the preceding year. Total receipts were 271,204, and shipments 110,246. The number packed in Chicago

during the season of 1859-60 was 151,339, or about 15 per cent less than in 1858-9.

Provisions

The Southwest was so bare of pork early in the winter of 1858-9 that St. Louis buyers were shipping Chicago mess pork to St. Louis in January, the difference in price permitting them to send it by rail to Peoria and thence by Illinois River steamboat at a through rate of 55 cents per barrel, leaving a profit of 70 cents a barrel. Even the all-rail rate of 70 cents a barrel left the shipper a margin of 55 cents. Prices continued to advance from \$16 for mess pork at the beginning of the year to \$19 in May. The low price of the year was reached in October and November at \$14 per barrel. The closing price in the last of December was about \$15. About the 1st of December, 1859, Thomas Nash began the preparation of "singed" bacon for the English market, and soon developed a good demand for this product which had not been manufactured in Chicago before.

Cattle

Receipts of cattle were very much smaller in 1859 than in the preceding year, due in part, according to Secretary Catlin, to the scarcity of corn, in part to the drought in Southern Iowa and Northern Missouri, and in part to the absence of Texas cattle, which were prevented from reaching Chicago as they had done in 1858, by the scarcity of grass in the West, and the opposition of Missourians to the passage of Texas cattle across their State. Receipts for the year were 111,694 head, and shipments 37,584. The number packed was 51,606, of which Cragin & Co. packed 17,718 and R. M. and O. S. Hough, their nearest competitor, 6,546 head.

Lumber

The lumber business made little recovery from the depression caused by the panic of 1857, the receipts, 302,845,207 square feet (an increase of about 9 per cent over 1858), being far below the movement in 1857. Prices, too, were low, and the season was an unprofitable one, both to manufacturers and dealers.

Transportation

There was so little western grain to go forward during the greater part of the year that low rates prevailed both on the lakes and on the Erie Canal. Most of the charters during the season prior to September were at 3@4 cents for corn to Buffalo, and 3½@4½ cents for wheat to the same destination. After September 1 rates advanced, and before navigation closed 8 cents was paid on corn and 8½ cents on wheat.

From Buffalo to New York on the Erie Canal, the first rates quoted are 9 cents on corn and 10 cents on wheat, and these may

be considered the average rates of the year until the middle of October, when 12@13 cents was paid on wheat. Early in November 18 cents was quoted for a day or two.

John Brown's insane and criminal attempt to liberate the slaves at Harper's Ferry about the middle of October, and the approval which his conduct received from the small body of radical abolitionists in parts of the free States, inflamed the Southern people, as the people of the North had been exasperated by repeal of the Missouri Compromise five years before, added to the bitterness which had marked the relations of representatives from different sections of the Union for years, and was an important link in the chain of events which brought on the Civil War.

1860

The usual trouble about the money which circulated in Chicago and other western cities continued to be a disturbing influence in the grain trade. In the first month of 1860 specie, or exchange on specie paying banks in the East, advanced to 3 per cent premium. This figure measured the feeling of distrust with which the business community regarded the bills of hundreds of widely scattered banks in Illinois, Wisconsin and other western States which were accepted as "money" as long as the Chicago banks would take them on deposit, and which were not instantly sent home for redemption because of the difficulty in sorting out a considerable amount of the bills of any one bank, and because of the remoteness of some of the banks of issue.

About the middle of February a number of Illinois banks, whose bills were secured by bonds of the State of Missouri, were called upon by the Auditor to deposit additional security or to retire a portion of their outstanding obligations. Most of the banks complied with the demands of the Auditor, and during the summer the premium for exchange on eastern specie-paying banks gradually declined in consequence of an abundance of grain bills of exchange, until the currency situation ceased to cause apprehension. Then just before the middle of November, came the panic in stocks and bonds caused by the preparation for secession which South Carolina and other southern States were making, Missouri bonds fell below 70 cents, and specie, or eastern exchange, advanced in Chicago to 10 per cent premium. The Auditor issued a call to twenty-two more Illinois banks, demanding the deposit of additional security on the bills, and there were many insolvencies.

Business conditions throughout the country had improved greatly since the panic of 1857, and railroad extension which almost ceased at that time was begun again, although only 167 miles of track was added in 1859 to the entire system of railroads centering in Chicago. Completion of the Mississippi Central Railroad about the 1st of February, 1860, furnished the first all-rail route (except

for the ferry of 21 miles between Cairo and Columbus) between Chicago and New Orleans, and later in the month the railroad bridge at Clinton was finished from the Illinois shore to an island about half way across the Mississippi River. From the western end of the bridge the Galena Air Line railroad was in position to reach the Iowa shore by a short ferry if an adverse decision should be rendered by the Supreme Court in the Rock Island Bridge case, or to extend its bridge across the main channel if legal obstacles should be removed. It was with a feeling of disappointment that members of the Board of Trade saw one of the chief advantages conferred upon the organization by the new charter set aside on a technicality by Judge Manierre, who ruled in January, 1860, that because Section 8 of the charter provided for the issuance of an execution under certain conditions upon an award of the Arbitration or Appeals Committee, "if no appeal were taken within the time fixed by the rules and by-laws," and did not prohibit such appeal, the Section must be strictly construed, and the right of appeal "within the time, etc." sustained.

The new rooms of the Board of Trade in the Newhouse block were occupied for the first time February 29, 1860. They comprise the entire second story of the building which was 150 feet long and 48 feet wide. The Exchange hall was 95 feet long, 47 feet wide, and 18 feet high. The walls were frescoed "in a style, and on a scale surpassing anything of the sort in the United States," according to reports in newspapers of the time. At the east end of the Exchange hall were the Secretary's room, and a reading room, and at the west end the telegraph office and lavatory. President Rumsey gave a sketch of the history of the Board from its organization, and addresses were made by other leading members of the Association.

Early in March the Cincinnati Price Current published its annual report of the pork packing of the West for the season of 1859-60, giving the following figures: Ohio, 680,858; Indiana, 404,046; Illinois, 504,935; Kentucky, 322,487; Missouri, 190,260; Iowa, 166,936; Wisconsin, 54,500; Tennessee, 26,800. Total, 2,350,822. These figures showed a decrease in number compared with the previous year of about $4\frac{1}{2}$ per cent and there was a trifling decrease in average weight as well. Fifty-eight packing points in Illinois outside of Chicago reported, but the only ones which packed more than 25,000 hogs were Beardstown and Chandlersville, 31,937; Peoria, 29,548, and Quincy, 58,583.

The twelfth annual meeting of the Board of Trade was held April 2, 1860. The following officers were elected; President, Ira Y. Munn; First Vice-President, Eli Bates; Second Vice-President, John V. Farwell. The Directors were J. W. Finley, E. G. Wolcott, George Webster, B. P. Hutchinson, C. S. Dole, C. H. Curtis, D. L. Quirk, A. E. Kent, Clinton Briggs, Julian Magill. There were at this time 625 members on the roll of the Board of Trade.

At a meeting one week later the President announced that the Board of Directors had appointed Seth Catlin Secretary, and George Watson Treasurer. At this meeting the first suggestion was made that corn should be inspected "No. 1 White," "No. 1 Yellow," and "No. 1 Mixed." A committee was also appointed to confer with the warehousemen as to the proper and legal form of warehouse receipts. An important railroad project was endorsed by the Board of Trade at a meeting held on the 13th of April, and at another meeting in July. It was the proposed Cedar Rapids and Missouri River Railroad to which the Legislature of Iowa had recently transferred the lands granted by Congress to aid in the building of a railroad from the Mississippi to the Missouri River, on or near the 42nd parallel of latitude. It was virtually an extension of the Chicago, Iowa and Nebraska Railroad which, as already stated, reached Cedar Rapids during the previous summer, and would provide, when completed, the most direct route from Chicago to the Missouri River, and from there to Denver, the Pike's Peak gold fields, and the South Pass in the Rocky Mountains.

The importance of better communication with California was felt throughout the East, and it was a distinct gain in time when the "Pony Express" was started on the 3rd of April, 1860. By relays of horses and riders, messages were carried between St. Joseph, Mo., and San Francisco, through a country infested by hostile Indians, in eleven or twelve days, unless one of the riders happened to be killed by the savages. The schedule time to Salt Lake was 124 hours, and the tariff on telegraph messages of ten words was \$6.90 from New York, or \$5.30 from St. Louis to San Francisco.

The death of George W. Dole on the 13th of April deserves mention because, more than any other man, he had been identified with the very beginning of trade and commerce in Chicago, and had been, until a few years before his death, an important factor in its development. The first packer of beef and pork, and almost the first shipper of grain, he had seen the little hamlet of which he became a resident in 1831, expand into the greatest primary grain market in the world, and the packing business, in which he was a pioneer, developed until his ambitious city was surpassed only by Cincinnati and Louisville.

The entry of the Grand Trunk Railroad as a competitor for the export trade of the West during the winter months and diversion to the Welland Canal and St. Lawrence River of a moderate share of the summer traffic, of which New York had previously enjoyed almost a monopoly, aroused interested parties in the eastern metropolis to seek a repeal of the Reciprocity Treaty with Canada. Members of the Board of Trade and Western men generally were convinced that the treaty benefited the great agricultural states of the West and Northwest, and at a meeting held on the

19th of May a committee appointed a month before reported, and the Board adopted, a series of vigorous resolutions reciting the advantages of the Treaty to the West and Northwest, and asserting that any act on the part of the United States looking to abrogation of this treaty would be a severe blow to the great interest of agriculture. The resolutions asserted that navigation of the Canadian canals and the St. Lawrence River on equal terms with British bottoms had been of the utmost importance to the Lake Marine, and they closed by saying "and we do most earnestly but respectfully remonstrate against any action of our government for its termination. This opposition to abrogation of the Reciprocity Treaty, led by Western commercial bodies, and principally by the Chicago Board, postponed action for a time, and the treaty was finally terminated for national reasons.

The Republican National Convention met in the "Wigwam," corner Lake and Market Streets, on Wednesday, May 16th, 1860, and the Board of Trade invited the delegates to visit their new rooms, and also provided an excursion on the Lake for the entertainment of visitors. Four schooners, lashed together and loaded with guests, were towed out into the Lake, speeches of welcome were made on behalf of the Board of Trade, and responded to by the visitors, who passed a vote of thanks to the Board. Little attention was paid to business on the day that Abraham Lincoln was nominated for the Presidency, as political excitement was at fever heat, and many members of the Board were enthusiastic supporters of "Honest Old Abe."

The trade in oak and walnut lumber and in oak staves between lake ports and domestic and foreign ports on the Atlantic continued to thrive and a few cargoes of corn were shipped from Chicago to Boston via Welland Canal and the St. Lawrence River, the first cargo of lumber from Chicago to Boston following the same route; but the only direct shipment of grain from Chicago to Liverpool was a cargo of wheat shipped in August via Welland Railway, which appears to have taken that route for the purpose of testing the time necessary to reach the English market. It was claimed that under favorable conditions twenty days would be sufficient, divided as follows: From Chicago to Port Colborne, 4 days; on Welland Railway, 1 day; from Port Dalhousie to Montreal, 3 days; from Montreal to Liverpool (by steamer), 12 days. This wheat did not reach Liverpool in the time scheduled above; but it did arrive there in twenty-five days from the date of shipment at Chicago. Low water in the Illinois River again caused great inconvenience to grain merchants on the Board during the latter part of June. At one time it was reported that 43 canal boats and steamboats were aground or held up on "Tree Top" bar, where the depth of water was only 19 inches.

The generosity of the members of the Board was invoked in

behalf of sufferers by the great tornado which early in June caused immense destruction along its course of 450 miles from Fort Dodge, Iowa, to Ottawa County, Michigan. A thousand dollars were subscribed and Rev. Robert Collyer sent into the field as the Board's almoner.

In September the Board was appealed to in behalf of Kansas settlers who were in dire need of seed wheat on account of failure of the wheat crop in that newly settled and long-suffering territory. Excursions from Canada, from New Orleans and from Philadelphia and Cleveland visited Chicago during the year and were entertained by the Board or by individual members thereof, and many lasting personal and business friendships began. Perhaps the most formal of these receptions was that given to the Philadelphia and Cleveland visitors in October, the entertainment closing with a banquet to the visiting delegations at the Tremont House.

It was impossible to make the inspection of grain satisfactory to everybody, and in May the C., B. & Q. and R. I. Railroads, which were losing business in corn on account of the competition of the Canal, threatened to withhold their cars from inspection unless all grain (canal as well as railroad) was inspected as the Board had already resolved it should be. Owing to the refusal of some receivers of canal corn to pay inspection fees, the Directors again submitted the question to the Board at a meeting held June 14th, when, after some discussion the following resolutions were passed:

"Resolved, That this Board instruct its Committee on Inspection to call upon the different warehousemen and request them to sign an agreement neither to receive nor transfer any grain arriving in this city by canal, unless said grain has been previously inspected, to take effect on the 20th inst., or as soon as the agreement may be signed.

"Resolved, That the members of the Board agree that they will neither buy nor sell any canal grain which has not been inspected."

In August the Directors of the Board again changed the grades of spring wheat, and directed that receipts should be divided into "Extra Club," "Extra Spring," "No. 1 Spring," and "Rejected Spring," and on the 15th of September another change was made establishing the following grades of spring wheat: Extra Club, to be sound, well cleaned, and to consist of pure club wheat weighing not less than 60 pounds to the measured bushel; Northwestern Club, to be sound, well cleaned, and to comprise all kinds of bright amber-colored spring wheat weighing not less than 59 pounds to the measured bushel; No. 1 Spring, the berry to be plump, well cleaned from other grains, and to weigh not less than 59 pounds to the measured bushel; No. 2 Spring, to be sound, but not clean enough for No. 1, and to weigh not less than 56 pounds to the measured bushel; Rejected Spring, all unsound, unmerchantable

spring wheat, and to weigh not less than 45 pounds to the measured bushel.

The average premiums paid during the early autumn for the higher grades of spring wheat were: For No. 1 Spring, 2@3 cents over No. 2; for Northwestern Club, 4@6 cents over No. 2; for Extra Club, 8@9 cents over No. 2, but later in the season the premium paid for Extra Club was materially increased.

In November a radical change was made in the rules regarding corn inspection, and the grades of "Pure White," "Pure Yellow," "Mixed," and "Rejected" were adopted in lieu of those before existing.

Elevators

The storage capacity of the city was increased during the year 1860 by the construction of the Smith & Sturges, and the Munger, Armour and Dole elevators, each of 700,000 bushels capacity. The Secretary gives the total capacity at the close of the year as 5,475,000 bushels.

Such a flood of golden grain as poured into Chicago on every transportation line from the West in 1860 was never seen before in any primary market on earth. An increase of 75 per cent in receipts of wheat over the previous year, two hundred per cent in corn, and fair increases in oats and rye made the total inward movement of grain twice as large as in 1859 and nearly fifty per cent in excess of 1856, which had been the banner year hitherto. Secretary Catlin was fully justified in congratulating the members of the Board upon "an astonishing increase over any former year of our traffic in property generally marketed in the Exchange rooms." Nor was the commercial growth confined to the grain trade. More cattle were received by eighty per cent, and more hogs by forty-five per cent than in 1859. But while the number of hogs packed in the season of 1860-1 exceeded the packing of the previous season nearly eighty per cent, the number of cattle packed in 1860 fell off materially, and Secretary Catlin could give no better reason for this singular fact than "for the past two years the business had been overdone."

The roll of members contained the name of nearly every prominent business man in all branches of trade, thus showing the importance attached by the community to the action of the Board of Trade upon public questions, and the high esteem in which the Board as an organization was held.

The quantities of grain received and shipped at Chicago for the year 1860 were:

		Received	Shipped
Flour	barrels	713,348	698,132
Wheat	bushels	14,427,083	12,402,197
Corn	"	15,262,394	13,700,113

		Received	Shipped
Oats	"	2,198,889	1,091,698
Rye	"	318,976	156,642
Barley	"	617,619	267,449

Besides this there were consumed and unaccounted for 231,824 barrels of flour; used by distillers, brewers and unaccounted for, wheat, 227,000; corn, 1,404,762; oats, 729,561; rye, 88,035; barley, 298,322 bushels; floured by city mills, wheat, 1,160,000 bushels.

Wheat

The quality of the wheat crop in Chicago territory in 1859 was so good that an export demand for it sprang up as soon as the disastrous speculation of the summer of that year was at an end; and before the 1st of January, 1860, a substantial advance took place, based entirely upon consumptive demand. So urgent was the demand that at the close of navigation only 75,000 bushels remained in all the elevators of the city. Even after the first of January, when No. 1 spring wheat had risen to about a dollar a bushel, and No. 1 red winter to \$1.08, there was further improvement culminating in the latter part of April at \$1.15 for No. 1 spring wheat. A batch of gloomy crop reports contributed to this advance. But this price could not be maintained and shortly after the first of July more favorable news came from the harvest fields, and in August reports of such yields as 40 and 50 bushels of spring wheat in northern Illinois, and 40 bushels or more in Wisconsin and Minnesota, forecasting great abundance in the autumn. Under this prospect and the pressure of actual receipts when the crop began to move in unexampled volume in August and September, prices declined steadily with occasional reactions until No. 1 spring wheat touched 68 cents a bushel early in December. A fair reaction carried the market up to 79@ 80 cents, the closing quotation of the year. Secretary Catlin reported receipts for the year 1860 as 14,427,083 bushels, and shipments as 12,402,197.

Corn

The East was so bare of corn in the winter of 1859-60 that more than half a million bushels of new corn were shipped by rail to New York, Boston, Philadelphia and other eastern markets, an unprecedented movement at that season of the year. An equal quantity had gone forward by lake during the last few weeks of navigation, and still there was a moderate accumulation in Chicago elevators when navigation opened in the spring of 1860. It had become apparent to the trade at this time that the crop of 1859 was one of good average yield on a largely increased acreage. The quotation for No. 1 corn at the beginning of the year was 50 cents a bushel, and although it was under 45 cents much of the time in

February and March, the high point of the year was reached during the latter part of April at 58 cents. Having established this record for the year, the decline was slow but without notable interruption until near the close of the year, when No. 1 corn sold below 30 cents a bushel. Receipts were 15,262,394 bushels, and shipments 13,700,113.

Oats

The oat crop in 1859 was large enough to supply all demands until the crop of 1860 was harvested, and as a result the decline in price was almost continuous from the middle of January when No. 1 oats touched 38 cents (two cents above the quotation at the beginning of the year) until November and December, when bottom was reached at 16@16½ cents for the same grade. The heavy crops of wheat and corn and consequent high lake freights contributed to the depression in oats. Receipts for the year were 2,198,889 bushels and shipments 1,091,698.

Rye

There was a small stock in store at the beginning of the year and No. 1 rye advanced from 75 cents to 92 cents before the close of January. This price was not reached again; the old crop was exhausted in June, and the new crop, which was a large one, began to come forward the last of July. First arrivals brought 53 cents a bushel, but the supply was too great, and after a moderate reaction in September and early October, the market settled down to 40 cents in December. Final quotations at the end of that month were 45½@46 cents. Receipts were 318,976 bushels and shipments 156,642.

Barley

No. 1 barley was in request at 57@60 cents per bushel in the first week of January, and after a slight depression a few weeks later advanced to 78 cents about the first of May. The new crop was badly injured during the harvest season and No. 1 sold as low as 33 cents in July, advanced to 70 cents during the last week in September and was quoted 38@43 cents during the closing week in December. Receipts were 617,619 bushels and shipments 267,449 bushels.

Provisions

Receipts of cattle for the year 1860 were 177,101 head and shipments 97,474. The number packed in Chicago was 34,623 against 51,606 in the preceding year. Cragin & Co. packed 17,000 head; seven other packers a total of 17,623. Receipts of hogs in 1860 were 392,864 and shipments 227,164. The number packed during the packing season of 1860-61 was 271,805. Cragin & Co. led the thirty-nine packing firms with 33,600 head, the only others credited with more than 20,000 head being: R. M. and O. S. Hough,

28,114; S. Holmes & Son, 25,466; A. E. Kent & Co., 22,500; Kreigh & Harbach, 22,500; Tobey & Booth, 21,708.

Mess pork advanced from \$15.50 per barrel at the beginning of the year to \$20.00 in September and October, and lard from 9½ to 13 cents; but both declined rapidly under the pressure of large receipts of hogs, and the last quotations of 1860 were \$15 for the best city-packed mess pork and 10½@11 cents per pound for lard.

Mess beef was comparatively steady within a range of \$8@12 per barrel for the best city brands.

Lumber

The lumber trade which a few years before contended with the grain business for first place among the commercial activities of the city still felt the depression due to the panic of 1857, the short crop of 1858, and low water in the Illinois River. It was only when the near approach of the harvest of 1860 gave promise of future abundance with consequent prosperity for the farmers that a permanent revival took place and this was too late to attract large supplies before the end of the season. The receipts were 262,494,626 square feet against 302,845,207 square feet in 1859. They were the smallest receipts since 1854.

Seeds

Receipts of seeds (mainly Timothy seed), were 7,071,074 pounds, an increase of 35 per cent over the year 1859. The virgin soil of the Northwest produced an article almost free from foul seeds, and it was in constant demand in the older parts of the country.

Salt

Syracuse Solar Salt, against which a prejudice existed prior to 1858, almost entirely supplanted "Turk's Island" for packing purposes after that date. Government tests showed it fully equal to the latter, and practical demonstration by packers confirmed these experiments made in the laboratory. The first mention of Michigan salt, which a few years later disputed the market with the Syracuse product, is made by the Secretary in 1860. He says, "In consequence of discoveries of valuable salt springs in Michigan our course of trade in salt will undoubtedly be changed when the necessary preparations are made for manufacturing."

High Wines

Receipts of high wines in 1860 were 62,126 barrels and the city manufacture was 62,400 barrels, making a total supply of 124,526 barrels. The shipments were 65,223 barrels. Prices declined from 21@21½ cents per gallon at the beginning of the year to 14½@15 cents at the close.

Transportation

Vessel owners reaped a harvest in 1860. Navigation opened about the 12th of April, the first charters having been made some days before at 7 cents for corn to Buffalo and 8 cents for wheat. Few charters were made during the summer at less than 4 cents for corn and 5 cents for wheat; the average was perhaps 5 and 6 cents, respectively. But about the middle of August, when the immense tonnage, present and prospective, of the new crop became visible, rates suddenly advanced to 14 cents for corn and 16 cents for wheat. Seventeen cents was paid for corn in October, but late in November lower rates were accepted, the last charters to Buffalo being made at $9\frac{1}{2}$ cents for corn and $10\frac{1}{4}$ cents for wheat.

On the Erie Canal freights were low during the early part of the season, the first charters being made in May at 11 cents on corn from Buffalo to New York; in June $10@10\frac{1}{2}$ was the ruling rate, in July 11 cents; in August $12@15$ cents; in September and October $14@18$ cents; in November as high as 23 cents on corn and 25 cents on wheat. Just before the closing of the canal, corn was taken at 16 cents to New York. All rail freights to New York were 65 cents per hundred pounds on wheat, corn, beef and pork in January, 1860; 45 cents in May and June; 50 cents in July, August and September and 65 cents in November and December.

Secretary Catlin's list of members at the close of 1860 contains 665 names, of whom 206 are classified as general commission merchants, 143 as produce commission merchants, 41 as grain dealers, 25 as wholesale grocers, 16 as lumber dealers and manufacturers, 13 as beef and pork packers, and the remainder distributed among fifty-five other vocations.

CHAPTER V

The Board of Trade During the Civil War

1861

THE State of South Carolina passed an ordinance of secession from the United States December 20, 1860, soon after the election of Abraham Lincoln to the Presidency. Mississippi followed on the 9th of January, 1861, and during the winter and spring Florida, Alabama, Georgia, Louisiana, Texas, Virginia, Arkansas and North Carolina, in the order named, seceded. Tennessee joined the Confederacy in June. The arsenals, forts, naval vessels, money and other property of the government in the Southern States were seized, often with the connivance of disloyal officers of the army or navy in sympathy with the insurgents, and other acts of war were committed by them without let or hindrance from the administration of Mr. Buchanan. Even the attack upon the *Star of the West* in the harbor of Charleston on the 9th of January and the surrender by General Twiggs in February of the United States troops in Texas failed to rouse the President to the necessity of protecting the property and honor of the nation of which he was the nominal head.

The real reason for this outbreak has been well stated by Woodrow Wilson in his "History of the American People." He says (in vol. 4, p. 208): "The southern leaders had not at first expected this (i. e., war). They had thought to bring on a constitutional crisis but not a civil war. They had meant at any hazard to make good their rights under the federal arrangement, and had deliberately resorted to secession because they thought that better terms could be made out of the Union than in it; but they had expected their opponents at the North to come to terms. Their people had followed and upheld them upon that expectation and would not willingly have followed them on any other."

Although too young to take part in the great struggle, Mr. Wilson's Virginian birth and his intimate social and political relations in later years with men who had been prominent in the councils of the Southern Confederacy give his testimony peculiar value. Slightly paraphrased, it means that the leaders of the movement, dissatisfied with Mr. Lincoln's election, purposed, by threat of war, to revolutionize the government of the United States and to force upon the other States of the Union a compromise under the terms of which, and in disregard of the result of the Presidential contest, their control of public affairs should be continued.

This was no sudden revolt. In 1832 the people of South Carolina, misled by the sophistries of John C. Calhoun, and chagrined that the city of Charleston was falling behind its northern rivals, New York, Philadelphia and Boston, attempted to nullify the tariff laws of the United States, and authorized the levy of troops to support this practical dissolution of the Union. To emphasize their contempt for the union of which South Carolina was a part, the South Carolina convention, on the 24th of November, 1832, announced to the government of the United States and the people of the Co-States that the people of South Carolina would not submit to the use of force to reduce the State to obedience. Any act passed by Congress and intended to coerce the State, shut up her ports, destroy or harass her commerce, would be a just cause for secession, and the people of South Carolina, absolved from all political connection with the people of the other States, would organize a separate government and do all other things which a sovereign and independent State had a right to do.

In other words the people of South Carolina claimed, in 1832, the right to declare null and void any law of the United States whose operation was not pleasing to them, to demand its repeal and to insist that the government of the United States should pass only such laws as the people of South Carolina desired.

In every popular government it is a part of the business of politicians to invent some shibboleth which will appeal to the passions and prejudices of the multitude, attracting them to one side, and repelling them from the other. Such a catch-word was "State Rights." It was admirably adapted to excite both prejudice and hatred; because it implied that some power (in this case the government of the United States) was attempting to abridge the rights of certain States of the Union, and that those rights were in danger of extinction unless the nefarious plot should be checked. In reality, however, it was intended to convey the idea of State supremacy, and thus to appeal to the large number of voters in all the States who had been opposed to the adoption of the Constitution because under this great instrument a government was established which was supreme over all the States and greatly curtailed the powers they had exercised under the League of States known as the Confederation.

Andrew Jackson, the President of the United States, was the leader of the "State Rights" party and a native of South Carolina; but in the great crisis of 1832 he did not waver in his determination to do his duty to the nation which had just honored him by re-election to the presidential chair. On the 10th of December, 1832, he issued a proclamation to the people of South Carolina, in the course of which he said: "The laws of the United States must be executed. I have no discretionary power on the subject. My duty is emphatically pronounced in the Constitution. Those who told you that

you might peaceably prevent their execution deceived you. They could not have deceived themselves; they know that a forcible opposition could alone prevent the execution of the laws, and they know that such opposition must be repelled. Their object is disunion. But be not deceived by names. Disunion by armed force is treason."

The Ordinance of Nullification fixed the first day of February, 1833, as the day upon which it should take effect, but it was not the President's intention to wait for the people of South Carolina to commit an overt act of war. To a member of the House of Representatives from South Carolina who called upon him before leaving for home, the grim old soldier said: "Please give my compliments to my friends in your State and say to them that if a single drop of blood shall be shed there in opposition to the laws of the United States, I will hang the first man I lay my hand on engaged in such treasonable conduct upon the first tree I can reach." (Woodrow Wilson, vol. 4, p. 37.)

On the 24th of January, President Jackson wrote to Poinsett, one of the leaders of the Union men of South Carolina, "Give me early information officially of the assemblage of a force armed to carry into effect the ordinance and laws nullifying our revenue laws and to prevent their execution, and in ten or fifteen days at the farthest I will have in Charleston ten or fifteen thousand well-organized troops, well equipped for the field, and twenty thousand or thirty thousand more in the interior." (McMaster, vol 6, p. 162.)

No one can doubt the purpose of President Jackson as expressed in these patriotic words. Nor is there now any question that an armed clash at that time, resulting as it must have resulted in the quick overthrow of the nullifiers and secessionists, would have settled for many generations the political heresy of State Supremacy, and prevented the great conflict which, twenty-eight years later, desolated the land. But the line of least resistance was followed and Congress passed a compromise bill which made material reductions in the tariff and induced the authorities of South Carolina to recede from their revolutionary action, exulting nevertheless that they had successfully defied the government of the United States. As one of the leading newspapers expressed it, "This little State, in the mere panoply of courage and high principles, has foiled the swaggering giant of the Union; 30,000 Carolinians have not only awed the wild west into respect, compelled Pennsylvania stolidity into something like sense, New York corruption into something like decency, Yankee rapacity into a sort of image of honesty; but (alluding to the Union party) all this has been loftily and steadily done in the face of 17,000—what shall we call them?" (The American Statesman, p. 586.)

Two years later Mr. Calhoun was again advocating a disruption of the Union, this time upon the negro question, as President Jackson had predicted. Finding it impossible to unite the Southern

States in opposition to a protective tariff, Mr. Calhoun dropped that pretext and told his friends that the basis of Southern Union must be shifted to the slave question.

From this time forward the talented senator from South Carolina, whose ambition to become President of the United States had been thwarted by his quarrel with General Jackson, made it the business of his life to arouse the animosity of the Southern people against the people of the North, using as a pretext the slave question. The object in view was the dissolution of the Union; and tariff, slavery, Texan annexation were welcome if their agitation could be made to increase distrust between the free and the slave States. This wicked propaganda was ably seconded by the reckless abolitionists in the North, whose utterances were equally culpable, but whose numbers and influence upon the people of that section as a whole were so small as to be almost negligible.

Mr. Calhoun died in 1850, but he left a number of zealous followers who continued to preach his doctrines until they bore fruit in the great rebellion of 1861, and fully justified the words of Governor Gish of South Carolina, who, in his message to the Legislature the day before the Presidential election of 1860, said: "The long-desired co-operation of the other States having similar institutions, for which so many of our citizens have been waiting, seems to be near at hand, and if we are true to ourselves, will soon be realized."

Mr. Barnwell Rhett, owner of the Charleston Mercury, and later chairman of the committee in the convention at Montgomery by whom the Constitution of the Confederate States of America was reported, stated the plain truth when he said, "The secession of South Carolina is not an event of a day. It is not anything produced by Mr. Lincoln's election, or by the non-execution of the Fugitive Slave Law. It has been a matter which has been gathering head for thirty years."

Mr. Francis S. Parker, a member of the South Carolina Convention, said: "It is no spasmodic effort that has come suddenly upon us; it has been gradually culminating for a long period of thirty years." John A. Inglis, chairman of the committee which drew up the Ordinance of Secession, said, "Most of us have had the matter under consideration for the last twenty years."

Prudence alone, born of their failure to secure the co-operation of other slave-holding States in 1832, restrained the people of South Carolina from another attempt to break up the Union during this long period. Threats were made constantly, associations were formed, and conventions held looking to disunion. In November, 1859, the Legislature of South Carolina resolved that "the commonwealth was ready to enter together with other slave-holding States, or such as desire prompt action, into the formation of a Southern Confederacy."

One method by which the great calamity was brought about was outlined by Senator William L. Yancey of Alabama, who wrote to a friend in that state, June 15, 1858, "If we could do as our fathers did—organize 'Committees of Safety' all over the Cotton States (and it is only in them that we can hope for any effective movement)—we shall fire the Southern heart, instruct the Southern mind, give courage to each other, and at the proper moment, by one organized, concerted action, we can precipitate the Cotton States into a revolution."

In pursuance of this plan "to instruct the Southern mind" the theory of State sovereignty which Mr. Calhoun had elaborated from Mr. Jefferson's Kentucky Resolutions of 1798 was instilled into the minds of the Southern people; and since the failure of the attempted "revolution" of 1861, volumes have been written in the vain attempt to prove that the seceding states merely exercised a constitutional right.

Notwithstanding all the ingenious arguments which have been used to uphold the theory of "State Rights" or "State Sovereignty," it may safely be asserted that no President of the United States ever admitted its validity when cited by his political opponents, and that only Mr. Buchanan failed to disregard it when appealed to by political associates. In 1814, when Mr. Madison, a "State Rights" president, suspected a plot to separate New England, or a portion thereof, from the Union, "Executive agents were scattered over New England to search for evidences," and "a regular officer was sent to Hartford with assurances of support from the New York State troops and the "fighting democracy" of Connecticut, to oversee the deliberations of the twenty-six elderly gentlemen who were soon to meet there in convention." (Cyclopaedia of Political Science, John J. Lalor, vol. I, p. 625.)

President Jackson's patriotic course in 1832 has already been described. If there were no other argument, the absurdity of the theory of State Supremacy itself renders it unworthy of consideration. One or two illustrations will suffice. In 1803 the United States paid \$15,000,000 for the Louisiana territory, and it was afterwards divided into States, and these were admitted into the Union. According to the doctrine of State Supremacy each one of these States which before its admission to the Union was under the control of Congress, had immediately after its admission the constitutional right to secede from the Union, and become an independent State, a province of Great Britain, a colony of France, or to form an alliance hostile to the United States.

Take the case of Cuba, whose acquisition was for many years a cardinal object of the States' Rights' party's policy. President Polk, through James Buchanan, his Secretary of State, offered to pay Spain one hundred million dollars for the island of Cuba, a sum which bore the same relation to the wealth of the United

States at the time this offer was made that one and a half billions bears to its present wealth. And yet, according to the States' Rights doctrine, Cuba, the moment it was admitted to the Union as one of the States, would have had the constitutional right to take itself out again and set up a government independent of the United States, and hostile thereto, or to resume its former status as a Spanish colony.

A theory based upon the manifest absurdities involved in the States' Rights doctrine did not appeal to the common sense of the people of Chicago. Americans are proverbially patient. They had watched with anxiety the progress of the conspiracy to break up the Union; they had seen with indignation the secession of one State after another, and the organization of a hostile Southern Confederacy. They had seen their property seized, their citizens assaulted and murdered, their flag insulted and fired upon, the capital of the nation threatened, a hostile army besieging Fort Sumter, and still they waited and hoped for peace.

On the 12th of April, 1861, the echo of Beauregard's guns in Charleston Harbor challenged the nation to avenge the insults to its honor and its flag or to perish in disgrace. Nowhere was this summons to battle answered more loyally than in Chicago; and although its military organizations were not as well equipped as those in New York and Boston, they promptly responded to President Lincoln's call for 75,000 volunteers, which was issued on the 15th of April, the day after Major Anderson evacuated Fort Sumter. In the years following the Mexican War there was considerable military ardor in Chicago, and in 1860 the United States Zouave Cadets who had acquired great proficiency in the Zouave drill under Captain Elmer E. Ellsworth, made a tour of the Eastern States giving exhibition drills in the principal cities. They received unbounded praise, and when they reached home the Zouaves were the most popular military organization in the United States. The organization was disbanded in October, 1860, soon after their return from the East, but in March, 1861, two companies of Zouaves, known as Co. "A" and Co. "B," Chicago Zouaves, were organized under Captain James R. Hayden and Captain John H. Clybourn, respectively. Captain Hayden had been first sergeant of the former United States Zouave Cadets.

The quota of Illinois under President Lincoln's call for 75,000 men was six regiments, and on the 16th of April General Order No. 2 was issued from the military headquarters of the State of Illinois at Springfield, calling for the immediate organization of these troops. Under the militia laws of the State the Sixtieth Regimental District was roughly bounded by 39th Street, Western Avenue, Fullerton Avenue and Lake Michigan, a little triangle extending north of Fullerton Avenue, having for its two other sides the north branch of the Chicago River and Western Avenue. In

this district, whose boundary lines were practically the same as the city limits, there were ostensibly two regimental organizations, the Sixtieth Regiment and the Washington Independent Regiment. These two regiments formed the second brigade of the sixth division, I. S. M., under command of Brig. Gen. R. K. Swift. Not one of the companies in either of these regiments was of full strength and most of them were without arms. Andreas' vol. 2, p. 162, estimates that about 50 good muskets and as many inferior rifles were all the small arms available in Chicago.

On the evening of April 18th a great meeting was held in Bryan Hall, attended by representatives of the leading business interests of the city, prominent among whom were the Committee of One Hundred from the Board of Trade. At this meeting patriotic speeches were made, and within a few minutes nearly \$90,000 was subscribed toward the expense of equipping the first volunteers from Chicago, and a War Finance Committee chosen, among whom were many prominent members of the Board of Trade, including Julian S. Rumsey, L. P. Hilliard, Orrington Lunt, B. F. Carver, P. L. Underwood, George Armour, J. J. Richards, John L. Hancock, E. I. Tinkham, H. E. Sargent, R. M. Hough and U. H. Crosby. Several of these members served on the special executive committee of the full committee, and within the next twenty-four hours \$36,000 had been raised. At this meeting the Bankers' Committee offered to advance \$500,000 to the State of Illinois that there might be no delay in equipping the volunteers for active service.

The Tribune of the 18th says: "A most stirring and patriotic scene took place at the Board of Trade rooms yesterday on 'Change, when the following was unanimously passed: "Resolved, That the Board of Directors be requested to purchase an American flag and cause the same to be hung from the rooms of the Board of Trade as an emblem of our devotion to the glorious Stars and Stripes."

The next day which, it will be remembered, was the date of the attack upon the Sixth Massachusetts Regiment as it was passing through Baltimore on its way to the National capital, Governor Yates ordered General Swift to "have as strong a force as you can raise ready to march at a moment's warning." On the 21st of April Companies "A" and "B," Chicago Zouaves, the "Chicago Turngemeinde" Company, "Chicago Light Infantry," under Captain Harding, the "Lincoln Rifles," under Captain Mihalotzy, and the "Chicago Light Artillery" under Captain James Smith, the latter armed with four six-pound guns, left Chicago for Cairo, Illinois. A number of young men connected with the Board of Trade enlisted in this battery of artillery, among them being John W. Rumsey, who rose to command of the battery, and was severely wounded at the battle of Resaca. The entire force, aggregating 595 men, was under command of Brigadier General Swift. To this Chicago

detachment belongs the honor of being the first military force in the West which took the field in defense of the Union.

On the 24th of April, before any armed volunteers except the Sixth Massachusetts Infantry had reached the beleaguered Capital of the Nation, the Chicago Light Artillery, known later as "Battery A," First Illinois Light Artillery, intercepted, just above Cairo, the steamers *Baltic* and *C. E. Hillman* which were conveying munitions of war from St. Louis to the Confederates in the South. It is claimed that the shots from this battery at this time were the first shots fired from a field gun by the Union troops during the Civil War.

It quickly became apparent to the authorities at Washington and to the people that the 75,000 three-months' men called for by Mr. Lincoln on the 14th of April was a force entirely inadequate to perform the task allotted to it, and on the 3d of May he asked for about 45,000 more to serve "for three years or during the war." Under this call old Battery B, Chicago Light Artillery, which had been organized previously, was accepted by the Governor, mustered into the service of the United States, and on the 1st of June proceeded to Cairo. It carried four six-pound field pieces and two twelve-pound howitzers. Captain Ezra Taylor was in command of this famous organization, and a member of the Board of Trade who commanded it after Captain Taylor's promotion was Israel P. Rumsey, who went to the front as junior second lieutenant, and after the war conducted a very successful commission business on the Board of Trade.

About a month after the fall of Fort Sumter the confusion in the currency resulting from the depreciation in value of Southern securities became so serious as to threaten general demoralization of business in the city. These securities declined day by day, and the *Tribune* of April 18th says, "So the tumble goes on, and where it is to stop nobody can guess. Under it the brokers bought uncurrent Illinois and Wisconsin at 40 cents. It has declined 10 cents per day for the last three days. It must find a landing place at nothing in a very few days more."

The State authorities were afraid to call upon banks whose assets consisted largely of depreciated securities to make good the fall in price of these bonds or stocks against which bank notes had been issued, lest the inability of the banks to respond promptly to the sudden demand should cause widespread bankruptcy. Bank notes issued by banks which had deposited with the State Treasurer as collateral security for the redemption of their bills, bonds of the United States or of a Northern State, circulated at par, and were known as the "Short list," while those bank issues which had behind them only depreciated Southern bonds declined from day to day, and were known as the "long list." The banks published daily bulletins of the constantly changing values of the various

State bank issues, and the rate at which they would be taken on deposit or on payment for the day. The railroad companies, the Merchants' Association, and the lumbermen also had their private lists, all differing from that of the banks, and each differing from the other. (Andreas, vol. 2, p. 337.) Complete stagnation of business was threatened when, a few weeks later, the Board of Trade, true to its traditions, took the lead in an effort to bring some measure of order out of the existing chaos. Some favored an attempt to establish a general system of banking on a specie basis; but at a full meeting of the Board of Trade held on the 16th of May this plan was voted down and a resolution offered by Julian S. Rumsey, Mayor of Chicago, and former President of the Board of Trade, was adopted, inviting each of the following business interests to select a committee of ten to confer with a similar committee of the Board of Trade, viz.: The Merchants' Association, the lumber dealers, the railroads, the city banks, and the country banks. Julian S. Rumsey, E. G. Wolcott, Clinton Briggs, N. K. Fairbank, W. D. Hough-teling, A. E. Kent, Charles Randolph, George Watson, Mr. McChesney and Mr. Curtiss composed the Board of Trade committee.

The committee met on Monday afternoon, May 20th, and agreed upon a list of 31 banks whose notes should be taken at par, and another list of banks whose notes should become current as soon as bonds of the United States, or of a Northern State, to the value of ninety per cent of their outstanding currency should be deposited with the State Treasurer by such banks. This action was ratified by the Board of Trade at a meeting held the same evening, and the business men of the city were encouraged by this compromise. Like many compromises, however, this one settled nothing, and for a few days the confusion was greater than ever. Some of the banks in the so-called "Union list" of thirty-one "good" banks, failed, and on the 23rd of May the Board of Trade adopted the following resolution:

"Whereas, The recent events in the moneyed affairs of Chicago have culminated in a return to a standard of gold and silver; therefore

"Resolved, That in the opinion of the Board of Trade of Chicago, all sales of property and daily quotations thereof should hereafter be made in funds equal to specie."

This wise action put the business of the Board of Trade upon a specie basis and gold coin was the standard of value in all commercial transactions in Chicago from this time until the suspension of specie payments by the banks of New York, December 30, 1861, put a premium on gold, and made the United States demand notes, and later the legal tender notes, or "greenbacks," which were authorized by Congress February 25, 1862, the standard of all values.

Military operations in 1861 resulted on the whole in favor of the Confederates. General McClellan's successes in West Virginia in the early part of July were more than offset by the disaster at Bull Run on the 21st of that month; and the costly defeat at Balls Bluff in October was not atoned for by General Grant's victory at Belmont in the following month. Roughly speaking, the Union troops and the Confederates each held at the close of the year about half of Missouri, Kentucky and West Virginia, while the safety of Washington was still menaced by a Confederate army at Manassas thirty miles away, whose intrenchments General McClellan deemed his force insufficient to assault with a prospect of victory.

On the 10th of August, 1861, the War Finance Committee elected at the great meeting in Bryan Hall, April 18, was relieved at the earnest request of its members, and its duties assumed by the Union Defense Committee, composed in part of members of the Board of Trade.

Congress, on the 22d of July, 1861, authorized President Lincoln to call for 500,000 men, and among the Illinois regiments organized and accepted under this call was the Thirty-seventh Infantry, two companies of which were raised in Chicago and two in Lake County. This regiment, known also as the "Fremont Rifles," under Col. Julius White, a member of the Board of Trade, who had resigned his position as Collector of the Port of Chicago to fight in defense of his country, rendezvoused at Camp Webb in Wright's Grove just north of Fullerton avenue. On the 19th of September the regiment entrained for St. Louis, halting on their march from camp to the Illinois Central station long enough to receive at the rooms of the Board of Trade a beautiful banner, upon one side of which Mr. G. P. A. Healy, the famous artist, had painted a portrait of General John C. Fremont. Speeches were made by Mr. Clary, President of the Board of Trade, for the organization, and by Mr. J. C. Wright for the donors, and by Colonel White, who accepted the banner on behalf of the regiment. Colonel White closed with these words:

"And now, Sir, I give you my hand to bid you farewell, and through you the members of your Board, who have honored me, and the soldiers under me, with your confidence, and made us the recipients of this banner, and entrusted us with its protection. We may never meet again; if we do not, be assured we will not dishonor you or your gifts. Farewell."

Throughout the first year of the war, the Board of Trade as an organization, and its members as individuals, contributed generously of their time and means to the work of organizing and equipping the Chicago volunteers for active service, and to the equally necessary provision for the dependent ones whom the soldiers had left at home.

On the 8th of November, 1861, James M. Mason and John Slidell, envoys of the Confederate States to Great Britain and France, were taken by force from the British mail steamship "Trent" by Captain Charles Wilkes of the United States frigate "San Jacinto," and brought to Boston, where they were imprisoned in Fort Warren. As Captain Wilkes had merely exercised the right of search for which Great Britain had always contended, it was at first hoped that no serious complications would ensue. On the 16th of December, however, the country was startled by intelligence that the British Government had determined to demand the release of Mason and Slidell, and an apology for their arrest by Captain Wilkes. Fear of war with England caused a fall in securities, increased the financial embarrassment of the United States Treasury, and contributed in no small degree to the suspension of specie payments by the New York banks on the 30th of December. From that time until the close of the war (and for many years thereafter) gold commanded a price which, measured in greenbacks, the standard, ranged in 1862 between 1.02 and 1.32; in 1863 between 1.25 and 1.60; and in 1864 between 1.55 and 2.58, the highest price being in July and August of the latter year (D. R. Dewey's *Financial History of the United States*, p. 295), when General Grant's investment of Richmond dashed the hopes of an immediate close of the war, which his successes in the Wilderness and at Spottsylvania had inspired.

The southern markets, in which much surplus produce of the Northwest had found an outlet, were closed by the war, and the grain and provision trade of Chicago was compelled to seek new channels. But Mr. Catlin, the Secretary of the Board of Trade, in his review of the year 1861, says: "At no time since its inauguration has the Board been in so flourishing a condition as at present." * * * "Its members number over 800. Quite a number of firms from Cincinnati, St. Louis and other points have come to Chicago, transferring most of their business to this place." He congratulates the Board upon the inauguration of a system of flour inspection during the year 1861, and upon the increasing proportion of the receipts of grain passed upon by the inspectors. The receipts of grain during the years 1860 and 1861 showed an enormous increase over previous years and during the latter years almost all arrivals were inspected. The year 1860 was long remembered as a year of abundant harvests throughout the region tributary to Chicago, which at the close of 1861 had railroad communication as far north as Appleton, Wisconsin, as far south as Memphis and New Orleans, and which reached the Mississippi River at Prairie du Chien, Dubuque, Clinton, Rock Island, Burlington, Quincy, Alton and St. Louis. The Illinois Central was pushing its line westward from Dubuque; the Galena & Chicago Union was soon (in the summer of 1862) to be in control of a direct line to Marshalltown, Iowa,

and the Chicago & Rock Island continued work upon its projected extension to the western boundary of the State of Iowa at Council Bluffs.

Although the yield per acre was smaller in 1861, and the small grains damaged by rains, Mr. Catlin expressed the opinion that "increased acreage will nearly, or quite, make up for the smaller average yield." He gives the following figures, which are of interest:

In 1858 received 14,032,291 bushels.	Inspected 7,294,600 bushels.
In 1859 received 14,728,542 bushels.	Inspected 8,987,806 bushels.
In 1860 received 32,824,958 bushels.	Inspected 27,101,768 bushels.
In 1861 received 45,970,687 bushels.	Inspected 43,870,065 bushels.

He says: "The largely increased trade this season (1861) is owing somewhat to the receipts of products which have usually found a southern market via St. Louis and other points, but mainly to the largely increased crop of the country tributary to us."

The elevator capacity of Chicago at the close of the year 1861 was as follows in bushels: Sturges, Buckingham & Co. "A" (Illinois Central), 700,000; Sturges, Buckingham & Co. "B" (Illinois Central), 700,000; Flint & Thompson, 160,000; Flint & Thompson (R. I. R. R.), 700,000; Charles Wheeler & Co. (G. & C. U. R. R.), 500,000; Munger & Armour, 600,000; Hiram Wheeler, 450,000; Munn & Scott, 200,000; Orrington, Lunt & Bro., 80,000; Ford & Norton, 100,000; Geo. Sturges & Co., Fulton elevator, 100,000; Walker, Washburn & Co., 75,000; Sturges, Smith & Co., 700,000; Armour, Dole & Co., 850,000. Total, 5,915,000.

In another summary Mr. Catlin gives the receipts and shipments of the leading cereals in 1861, as follows: Receipts—Wheat, 17,385,002; corn, 26,369,989; oats, 2,067,018; rye, 490,989; barley, 457,589; flour, barrels, 1,479,284. Shipments—Wheat, 15,835,953; corn, 24,372,725; oats, 1,633,237; rye, 393,813; barley, 226,534; flour, barrels, 1,603,920. The excess in shipments of flour over receipts of the same is explained by the fact that 291,852 barrels were manufactured during the year by the twelve flour mills then in operation in Chicago, of which Adams' mills, the largest, is credited with having produced 60,000 barrels, and Marple & Cole 45,000.

An examination of the inspection reports shows that about 1,100,000 bushels of the wheat received during the year was winter wheat of different grades (principally red winter), and the remainder, spring wheat, of which 6,772,718 bushels was No. 1 spring wheat, 7,006,716 bushels No. 2 spring wheat, and 1,813,588 bushels rejected spring wheat.

It is interesting to note that in 1861 about 200,000 bushels of wheat, 100,000 bushels of corn, and 500,000 bushels of oats were received from farmers' teams. Of the wheat received during the year, Galena & Chicago Union Railroad brought about two-fifths,

while the Illinois & Michigan Canal, which carried very little wheat, brought in 11,735,043 bushels of corn, or more than two-fifths of the total of that grain.

During the early part of the year 1861 the price of wheat in Chicago fluctuated very little, the lowest price quoted for No. 2 spring wheat between January 1 and March 1 being $73\frac{3}{4}$ cents per bushel in February, and the highest 80 cents per bushel towards the close of March. About the middle of May there was a sudden advance to \$1.25 per bushel, due perhaps to the disordered currency, and a still more sudden decline the next week to 70 cents. In the latter part of June the bottom of the depression was reached at 55 cents, and the price did not rise above 75 cents again during the year.

Secretary Catlin speaks of "the unprecedented crop of corn in 1860, followed by a large one in 1861," and gives this as a reason why the receipts of this grain in 1861 exceeded the arrivals in any former year by 10,767,809 bushels. It explains, too, the low price which prevailed. The lowest quotation for "mixed" corn during the year was 20 cents per bushel in September and October and the highest 45 cents in May.

The oats trade was of small proportions, and would have been still smaller but for the demands of the army. Prices were low throughout the season, minimum quotations for No. 1 oats being $12\frac{1}{2}$ cents per bushel in June and 13 cents in September, while 24 cents in May was the highest price of the year.

No. 1 rye sold as low as 23 cents per bushel in August and September and as high as 50 cents in May.

No. 2 barley sold as high as 33 cents per bushel in the early part of the year, and as low as 15 cents in November.

The Provision Trade

Receipts of hogs in 1861 showed an increase of 20 per cent over any preceding year, and nearly one-fifth of them had been slaughtered by farmers in the cold weather and shipped to market in a frozen condition. Prices of live hogs, which reached \$5.50 per hundred pounds in January, declined to \$2.30 in December. The receipts of hogs for the year were 675,902 and the shipments 289,094.

The increased supply of cattle showed a smaller percentage of gain than the receipts of hogs. Choice cattle were highest in April, May and June, when they were quoted at \$4 per hundred pounds, and lowest in October at \$2.50. Total receipts of cattle in 1861 were 204,579. Total shipments of cattle in 1861 were 124,146. During the year 1861 thirty-nine packing firms slaughtered 379,903 hogs, and ten of these firms packed cattle to the number of 53,754.

The price of provisions was highest in the latter part of April, when mess pork was quoted \$21 per barrel, and lard $11\frac{1}{2}$ cents per

pound. The only packers credited with packing more than 30,000 hogs were: Kreigh & Harbach, 44,120; Cragin & Co., 37,700; R. M. & O. S. Hough, 34,114; A. E. Kent & Co., 30,000, and the only firm which packed more than 8,000 cattle was Cragin & Co., who packed 24,630, or nearly one-half of the total.

Lumber

The lumber trade was smaller in 1861 than in any one of the preceding five years, receipts being 249,309,000 square feet, of which about one-fifth came from Muskegon, Michigan, and most of the remainder from other ports on Lake Michigan and Green Bay.

Coal and Wood

Although wood continued in use as fuel for some years after the Civil War, and the amount received actually showed an increase, coal had begun to supplant it even before the war began. The following table shows that while the receipts of firewood increased less than 20 per cent between 1857 and 1865, the receipts of coal increased nearly 90 per cent.

Received	Wood, Cords	Coal, Tons
1857.....	126,029	171,379
1858.....	95,948	87,290
1859.....	114,352	131,204
1860.....	83,071	131,080
1861.....	93,070	184,089
1862.....	101,781	218,423
1863-4.....	110,793	284,196
1864-5.....	149,312	323,275

Other Articles of Commerce

The growing trade in seeds, salt, hides and other articles is shown by the following tables of receipts and shipments in the years named:

Seeds			
Received		Shipped	
	Pounds		Pounds
1857.....	2,466,973	1857.....	1,537,948
1858.....	4,271,732	1858.....	4,027,846
1859.....	5,241,547	1859.....	4,647,960
1860.....	7,071,074	1860.....	6,055,563
1861.....	7,742,614	1861.....	7,438,485
1862.....	8,176,349	1862.....	6,185,221
1863-4.....	9,885,208	1863-4.....	7,754,656
1864-5.....	10,180,781	1864-5.....	11,782,656

Salt

Received		Shipped	
	Barrels		Barrels
1861.....	390,499	1861.....	319,140
1862.....	612,003	1862.....	520,227
1863-4.....	775,364	1863-4.....	579,694
1864-5.....	680,346	1864-5.....	483,448

Hides

Received		Shipped	
	Pounds		Pounds
1861.....	9,962,723	1861.....	12,277,518
1862.....	12,747,123	1862.....	15,315,359
1863-4.....	17,557,728	1863-4.....	23,781,979
1864-5.....	20,052,235	1864-5.....	27,656,926

High Wines

Received		Shipped	
	Barrels		Barrels
1861.....	89,915	1861.....	111,240
1862.....	61,703	1862.....	100,170
1863-4.....	137,947	1863-4.....	159,312
1864-5.....	102,032	1864-5.....	138,644

"War prices" certainly prevailed in the transportation business in 1861, the lowest lake freight on wheat to Buffalo being 5½c per bushel in July, and the highest 23c a bushel in October. Rail freights to New York were as low as 53 cents per hundred pounds in July and as high as 97½ cents in October, November and December.

1862

Although no armed resistance was offered by the government of the United States to the Secessionists until they bombarded Fort Sumter, many acts of war had been committed by them before that time. Perhaps the most flagrant of these was the attack upon the unarmed steamer *Star of the West*, carrying reinforcements to Fort Sumter, on the 9th of January, 1861. This was the beginning of the war, rather than the assault upon Fort Sumter, unless, indeed, the seizure of Fort Moultrie, Castle Pinckney and the United States Arsenal at Charleston during the last days of December, 1860, should be so considered. In either case, January, 1862, may be looked upon as the beginning of the second year of the great war.

The financial outlook at the beginning of the year was discouraging. The suspension of specie payments by the New York banks compelled the United States Government to take similar action on the 1st of January, 1862. For several months the premium

on gold was not sufficient to cause general alarm. The Secretary of the Treasury, in his report which reached Congress on the 10th of December, had outlined a plan for a system of national banks, but "it was apparent that this system could not be organized and put in effective force for a year or more," and that something must be done at once.

On the 7th day of January, 1862, Mr. Elbridge G. Spaulding of New York, chairman of a sub-committee of the Committee of Ways and Means of the House of Representatives, reported the bill, which with some important modifications afterwards became the famous Legal Tender Act of February 25, 1862. Secretary Chase was fully aware of the serious objections to this measure, but he finally gave it his approval because the public exigencies required it. It was upon this ground, too, that the leaders of the Republican party in Congress supported it, although some doubted its constitutionality and others its expediency. As to the urgent necessity of immediate action as seen by Lord Palmerston, the English premier, an article which appeared in his organ, the London "Post," on the 15th of January, 1862, is worthy of note. It reads, in part: "The monetary intelligence from America is of the most important kind. National bankruptcy is not an agreeable prospect, but it is the only one presented by the existing state of American finance." (J. Sherman's Recollections, p. 228.)

The Legal Tender Act encountered vigorous opposition in Congress and was debated at great length; but the Board of Trade threw its influence in favor of the measure and on the 10th of February telegraphed the Illinois Senators at Washington urging favorable action upon this vitally important measure.

An effort was made in the winter of 1861-1862 to repeal the Canadian Reciprocity Treaty. The Board of Trade opposed the repeal, and on February 10, 1862, adopted the following memorial, which was sent to the Congress:

"The Board of Trade of the City of Chicago, Illinois, would respectfully remonstrate against any action suspending or repealing that treaty between the United States and Great Britain, known as the reciprocity treaty, believing that its repeal or abrogation would materially affect the producing interests of the entire Northwest."

Ever since its completion in 1848, the Illinois and Michigan Canal had been a potent factor in the growth of Chicago, and on the 10th of February, 1862, the Board of Trade selected a committee to draw up a memorial to Congress for the enlargement and improvement of this great waterway.

General Thomas' victory over the Confederates at Mill Springs in January was soon followed by General Grant's capture of Fort Donelson with nearly 15,000 prisoners on the 16th of February, 1862. The news of General Grant's triumph was received in Chi-

cago on the following day and announced on 'Change at noon. Business was suspended, and the Board opened its rooms to welcome every citizen who rejoiced over the glad tidings. It was, however, called to order long enough to pass the following resolution:

"Resolved, That this Board hears, with pride and heartfelt thanks, the glorious news of the success of our troops in the capture of the rebel stronghold, Fort Donelson. That we tender the thanks of this Board, also of all loyal citizens of this city, to the commanding officers and their commands, for their triumphant efforts to plant the Stars and Stripes over the same, and that we do particularly thank our gallant battery, Co. 'B,' Chicago Light Artillery, for their daring and successful courage, displayed on the fields of Frederickton, Belmont and Fort Donelson.

"Resolved, That the President of this Board be requested to forward these resolutions to the commanding officers of the expedition and a copy to Captain Ezra Taylor, Chicago Light Artillery, Co. 'B.'"

At this meeting, N. K. Fairbank, Gurdon S. Hubbard, A. E. Kent and W. D. Houghteling were appointed to act as a Relief Committee in conjunction with the Chicago Sanitary Commission, which was organized in the preceding October. (Andreas II, p. 338.)

The great battle of Pittsburg Landing, or Shiloh, was fought on the 6th and 7th of April. News of the engagement reached Chicago on the 9th, and on that day an appeal for hospital supplies, surgeons and nurses came from Brigadier General Strong, Commandant at Cairo. The Board of Trade responded with contributions aggregating nearly \$3,000, and the same evening a large number of surgeons and nurses left Chicago for the battlefield. Nearly a thousand packages of sanitary stores had been accumulated at Cairo by the Chicago Sanitary Commission in anticipation of the battle, and these, together with the recent contributions, were hurried forward from that point by steamers on the Tennessee River. Although they did not arrive at Pittsburg Landing until the afternoon of the 11th, four days after the close of the second day's battle, these sanitary supplies were the first voluntary contributions which reached our wounded soldiers.

The fourteenth annual meeting of the Board of Trade was held April 7, 1862. C. T. Wheeler was elected President; Asa Dow, First Vice-President, and J. L. Hancock, Second Vice-President. The report of the Directors showed that about \$5,000 out of the total receipts of \$25,000 had been disbursed for war purposes.

Much of the wheat crop of 1861 reached the Chicago market in bad condition on account of heavy rains during the harvest of that year. Some of the "mixers," it was claimed bought this musty or sprouted wheat, dried it, scoured it, subjected it to an air blast,

mixed it with other wheat, and in some way got inspectors to pass it, and secured its admission to the elevators as merchantable wheat. So much of this inferior wheat found its way to eastern markets that the reputation of Chicago wheat was seriously injured. The best grades of Chicago wheat were sold in New York as "Racine," or "Milwaukee Club," and only the poorest as "Chicago spring wheat."

So many charges were made of laxity in inspection, and of fraud on the part of elevator proprietors and wheat mixers that on the 25th of October, 1861, the Board of Trade appointed a committee to investigate the matter and report the facts to the Board, together with their recommendations as to a remedy for such evils as they should find. This committee, of which Mr. Joseph Wright was chairman, made a report to the annual meeting of April 7, 1862, recommending that all grain bagged on the track should be refused admission to the regular warehouses, and that the names of any members guilty of frauds should be posted on the bulletin board together with a statement of the facts in the case. The annual meeting adopted the report; the Board of Directors on the 25th of April passed the necessary resolutions to enforce this action and the warehousemen pledged themselves to observe the new rules. It was rumored, however, that the committee had found evidence implicating some of the warehousemen in questionable practices, and the Chicago "Tribune" so charged. The warehousemen demanded a full investigation and the expulsion of the "Tribune" representatives from the privileges of the Board. A special meeting was held on the 2d of May to consider the subject, but as the chairman of the committee refused to divulge the evidence which he claimed had been given under pledge of secrecy, nothing was done.

A special meeting of the Board was held on Friday evening, May 16, to act upon a petition which had received many signatures, asking for the adoption of a resolution to require every member, or applicant for membership in the Board of Trade, to take an oath of allegiance to the United States. After considerable discussion, it was recognized that the rules of the Board would not permit the expulsion of a member for refusal to take the oath; but that there might be no doubt about the sentiments of the members of the Board of Trade, the following resolution, submitted by Stephen Clary, was adopted:

"Whereas, This meeting was called for the purpose of adopting a resolution proposed in the call for the meeting, and

"Whereas, Such resolution cannot be adopted without an infringement of the rules and regulations, which prescribe a different mode of procedure; therefore,

"Resolved, that this Board has given indubitable proof of its loyalty in the giving of its money freely for the purpose of sustain-

ing the war, and for the support of the families of the soldiers battling for the Constitution and the Union.

"Resolved, That while our rules and regulations prescribe no such requisite as requiring its members to take the oath of allegiance, we do again aver thus publicly our fealty to the Constitution and the Union.

"Resolved, That the Board of Directors be requested to refuse admission to the membership of this Board of any citizen of the United States against whom suspicions of disloyalty to the general Government are known to exist, until such suspicions are proved to their satisfaction to be unfounded."

In the latter part of June, as the failure of McClellan's campaign against Richmond became imminent, a sudden rise in the premium for gold coin occurred. From three or four per cent premium, which had been the average quotation most of the time since the suspension of specie payments at the beginning of the year, the premium rose in a few days to 10 per cent, and on the 21st of July to 20 per cent. The probability that Congress would authorize a new issue of "legal tender" notes to the amount of one hundred and fifty million dollars, as it did on the 11th of July, 1862, had a tendency to raise the gold premium, but the controlling factor from this time until the close of the war was the military situation in the field. A military disaster to our army was invariably followed by a rise in the gold premium, and a victory by a corresponding decline.

During the late summer and early autumn of 1862 the fortunes of the Union were at their lowest ebb. So much had been expected of McClellan, and his campaign came so near being a complete success, that the revulsion of feeling caused by his utter failure resulted in great despondency. The enthusiasm which filled the ranks during the first months of the war had given place to a more sober realization of the fact that the struggle would be long and arduous.

President Lincoln's call for 300,000 more men was issued July 6, 1862, and the Board of Trade, which had done its full share of patriotic work in conjunction with other organizations up to this time, determined upon a more independent course and more vigorous effort.

On the 17th of July the Board accepted the invitation of the Union Defense Committee, the Common Council, the Mercantile Association and other organizations to co-operate with them in a great war meeting to be held on the 19th. This was well, but to the enthusiastic patriots of the Board of Trade something more seemed necessary and the following request was made:

"C. T. Wheeler, President of the Board of Trade of the city of Chicago:

"We, the undersigned members, request you to call at an early day a general meeting of the members of this Board, to pledge

ourselves to use our influence and money to recruit and support a battery to be known as the Board of Trade Battery: M. C. Stearns, Flint & Thompson, I. Y. Munn, Geo. Steel, G. L. Scott, Wm. Sturges, T. J. Bronson, E. Aiken, C. H. Walker, Jr., E. G. Wolcott."

Pursuant to this request a special meeting of the Board of Trade was held on the following Monday, July 21, 1862, at which it was resolved to recruit a company of mounted artillery to be called the Chicago Board of Trade Battery, to serve three years unless sooner discharged. Ten thousand dollars was appropriated towards the expense of organizing this battery, and the Directors were requested to appoint a committee to carry out the purpose of the meeting. A muster roll was placed upon the table and the first signers were S. H. Stevens, Geo. B. Chandler, S. C. Stevens, A. F. Baxter, J. W. Bloom, H. J. Baxter, Calvin Durand, Jr., J. A. Howard, Valentine Steele.

Another enthusiastic meeting of the Board was held the following evening at which it was announced that \$11,550 had been raised, and that there were sixty-three names on the muster roll, many of whom were members of the Board, or employees of members. On Wednesday the 23rd, at noon, it was announced that the subscriptions to the Board of Trade fund had reached \$17,000, and that the Battery was full and had been tendered to the President of the United States.

The success attending the organization of the battery moved the members of the Board to further effort. Mr. C. H. Walker proposed the organization of a regiment of infantry, which resolution was adopted. John V. Farwell and J. C. Wright, both members of the Board of Trade, appeared as a delegation from the Young Men's Christian Association with a pledge of five companies for the Board of Trade regiment, and George I. Robinson and Isaiah Williams each tendered one company. Daily war meetings were held at the rooms of the Board of Trade, and so rapidly were the ranks of the first Board of Trade regiment filled that on the 29th of July it was resolved by the War Committee of the Board, after adding to their number two representatives of the Mercantile Association and one each from the Young Men's Christian Association and the Union Defense Committee, to raise "a brigade of three regiments to be recruited under the auspices of the Board of Trade and the associations."

The Board of Trade Battery was mustered into the service of the United States on the first of August; the first Board of Trade regiment, known officially as the Seventy-second Illinois Volunteer Infantry on the 23rd of August; the second Board of Trade regiment, known as the Eighty-eighth Illinois Volunteer Infantry on the 4th of September, and the third Board of Trade regiment, known as the One Hundred and Thirteenth Illinois Volunteer Infantry on the 1st of October, and all of them served with

credit to themselves and with honor to the great organization under whose auspices they went forth to battle. They never served in the same brigade, however.

But the Board of Trade did more than supply money for the equipment of these soldiers. Among the members of the Board in the first Board of Trade regiment (Seventy-second) were Joseph C. Wright, who was chosen lieutenant colonel, and who gave his life to his country in the assault upon the enemy defenses at Vicksburg on the 22d of May, 1863; Joseph Stockton, captain of Company "A," and afterwards lieutenant colonel of the regiment, and Lieutenant Benjamin W. Underwood, who later was adjutant of the regiment.

The Chicago "Tribune" of August 4, 1862, in a very complimentary editorial on the Board of Trade, says, that "the subscription list is swollen to nearly fifty thousand dollars."

"All in all, the Board of Trade during the war collected the munificent sum of \$220,000, and disbursed it in equipping and maintaining, not only its own regiments, but the various other Chicago troops as well." ("The Board of Trade in the Civil War," Chester Arthur Legg, p. 15.)

On the 2nd of August, 1862, a little 350-ton brig, the "Sleipner," arrived from Bergen, Norway, with one hundred and fifty Swedish passengers, and one American of Swedish parentage, who was born on Lake Erie. This was the first European vessel which arrived at the Port of Chicago with passengers and cargo direct, and her commander, Captain Waage, was tendered the hospitalities of the Board of Trade on the evening of August 5.

From the first outbreak of hostilities there had been in every large community in the Northern States a considerable minority of men and women who, on account of social, business or family ties, or by reason of former political affiliation, were opposed to the prosecution of the war. The great uprising of patriots when Fort Sumter was attacked had cowed these disloyal people, but as the months went on, with their awful sacrifices of life and treasure, and with little apparent progress toward the suppression of the rebellion, they could not conceal their satisfaction. There were a number of them in the Board of Trade, and how many there were in the city and vicinity may be inferred from the fact that the Chicago "Times," edited by Wilbur F. Storey, a bitter anti-war partisan, could in the most critical period of the great struggle, find support. Men whose sons and brothers were daily putting their lives in jeopardy for a cause which the "Times" was using every effort to hinder and make more difficult, could not look without indignation upon the encouragement which Mr. Storey was giving to the discontented at home and the enemies of the country in the field. On the last day of the year 1862, Mr. N. K. Fairbank offered the following resolutions, which were adopted:

"Whereas, The articles appearing almost daily in the Chicago 'Times' newspaper are calculated to give aid and comfort to traitors engaged in a most unholy war upon the Government; and,

"Whereas, In publishing such matter as charging upon the administration, in its efforts to put down the rebellion, the 'murder of the fathers, sons and brothers of the North,' as well as almost every other crime in the category, said paper is doing what lies in its power to create discord and dissension at the North, leading to the loss of the Constitution and the ruin of the Union, and

"Whereas, The said paper is in the practice of making the most outrageous and uncalled-for attacks upon the private character and standing of our most respectable citizens, thereby causing it to be deserving of unmeasured reprobation;

"Therefore, Resolved, By this Board of Trade, while disclaiming all partisan feeling, and being actuated by no other motive than the public welfare and the fair fame of our city, that the Chicago 'Times' is unworthy of countenance or support, and that the Directors are hereby requested to exclude it from the reading-room of the Board.

"Resolved, That this Board knows of no objection to the commercial editor of the Chicago 'Times,' personally, but inasmuch as his presence on 'Change, to a certain extent, tolerates the paper, he is hereby excluded from the rooms, as a reporter for said paper."

The "Times" in its next issue charged that the resolutions were sprung upon a few members of the Board when the majority had left the rooms, and that they did not represent the sentiment of the Board as a whole. But on the 2d of January, 1863, the Board of Trade confirmed the action taken two days before by a majority so imposing that the "Times" was obliged to accept it as final, and to fall back upon a threat that a new Corn Exchange would be organized, which "will be, unlike the old one, an honor and credit to the city." ("Times," Jan. 3, 1863.)

In 1862 two new grain elevators were built, with a combined capacity of 900,000 bushels, so that at the close of the year the elevators of the city had a capacity of 6,815,000 bushels.

Notwithstanding the war, and to some extent in consequence of it, the population and commerce of Chicago continued to grow. The Secretary of the Board of Trade, in reviewing the year 1862, says: "An immense amount of wealth has been added to her resources, both by legitimate profits on the year's transactions, and the influx of capitalists from almost every part of the Northern and Western States."

There was a partial failure of the spring wheat crop in the country immediately tributary to Chicago in 1862, and although the shipments from Minnesota, Northern Iowa and Northern Wisconsin showed a gratifying increase, the total for the year was nearly three and one-half million bushels less than in 1861. As partial compensation for this loss in the wheat trade there was an increase of 187,107 in the number of barrels of flour received, the

equivalent of nearly 850,000 bushels of wheat. Some of this flour came from Missouri and Southern Illinois, from which region flour had formerly gone to New York, Boston and Philadelphia.

Comparative receipts and shipments of flour and wheat for 1862 were as follows: Receipts—Flour, barrels, 1,666,391; wheat, bushels, 13,978,116. Shipments—Flour, barrels, 1,739,849; wheat, bushels, 13,808,898. The price of wheat fluctuated less in 1862 than in the previous year. The lowest quotation for No. 2 spring wheat was 65 cents in January and the highest 92½ cents in August.

Corn

The corn crop of 1862 in Illinois and Iowa was lighter in yield than either of the two preceding crops, but so much was carried over by the farmers from those years of plenty that the extent of the corn trade of Chicago was limited only by transportation and storage facilities, and the receipts exceeded those of the previous year by 3,204,339 bushels. Secretary Catlin's figures are as follows: Receipts, 29,574,328 bushels; shipments, 29,452,610 bushels. The price of mixed corn was from 22 to 29 cents a bushel during the first half of the year. It rose to 36¼ in August, to 39 in October and to 41 at the close of the year.

Oats

The trade in oats was more than doubled by the demand for army use, and the receipts and shipments were 4,688,722 and 3,112,366 respectively. Prices, too, of No. 1 oats advanced from 16 cents a bushel in January to 43¼ cents in the latter part of December.

Rye and Barley

Receipts of rye more than doubled, and receipts of barley nearly doubled. The following are the figures in bushels: Receipts—Rye, 1,038,825; barley, 872,053. Shipments—Rye, 871,796; barley, 532,195. The price of No. 1 rye advanced from 32 cents a bushel in January to 65 cents in December. The price of No. 1 barley likewise advanced from 34 cents a bushel in January to \$1.25 a bushel in October.

The Provision Trade

Fifty-seven firms and individuals were engaged in the pork packing business in Chicago in 1862, of whom Cragin & Co., an eastern firm, whose local representative was John L. Hancock, packed 81,349; Kreigh & Harbach, 64,250; A. E. Kent & Co., 56,434; R. M. & O. S. Hough, 54,922. No other packers are credited with as many as 50,000. No branch of Board of Trade activity showed so great an increase in 1862 as the packing business. Receipts of live hogs more than doubled, dressed hogs nearly doubled, packing increased 123 per cent, and shipments about 86 per cent. Among the new packing houses built during the year were seven large

houses on the Chicago River, all of which were constructed on the most approved plans. An extensive trade in English middles had developed during the years 1861 and 1862, and a large proportion of the hogs packed in Chicago in those years were cut for the London and Liverpool markets. The following are the receipts and shipments of hogs for the year: Receipts, 1,348,890; shipments, 491,135.

The number of hogs packed in Chicago during the year 1862 was 842,515.

Receipts of cattle showed a small increase over the previous year, and the receipts were 209,655 and shipments were 112,745. The lowest prices for live hogs were \$1.75@2 per hundred pounds in June and \$2 in August, and the highest \$4 in November. Choice cattle sold as low as \$2.87½ per hundred pounds in April and as high as \$4 in May. Mess pork sold as low as \$8 a barrel in January, and as high as \$12.25 in December. Mess beef sold as low as \$8.50 a barrel in January, and as high as \$12 in July and August.

Lumber

The receipts of lumber showed a large increase, while shipments were nearly stationary, including a large increase in the city consumption. Secretary Catlin's figures are: Receipts, 305,674,045 square feet; shipments, 189,277,079 square feet; city consumption, 122,040,135 square feet.

Lake Transportation to Buffalo

The season opened with shippers paying 15 cents a bushel on wheat and 13 cents a bushel on corn from Chicago to Buffalo; but in the latter part of May the rates were 5½ and 4½ cents respectively, advancing again to 16 cents for wheat and 15 cents for corn in November, the highest of the year.

Railroad Rates

Rail freights to New York on wheat, corn and products of pork and beef were \$1 per hundred pounds at the beginning of the year. They were reduced to 55 cents per hundred pounds in June and July, and advanced again to \$1.05 in December.

Tonnage

The tonnage of vessels engaged in the commerce of the Lakes in 1862 was: American bottoms, 361,997 tons; Canadian bottoms, 88,896 tons. Of the American tonnage less than one-third was propelled by steam.

At the close of the year 1862 the Board of Trade had 980 members, representing nearly every important line of business in the city. Those occupations in which ten or more were engaged are as follows:

Commission ; merchants, 447; produce and commission, 62; packers, 45; bankers, 27; wholesale grocers, 27; insurance agents, 23; general commission, 21; grain dealers, 21; millers, 21; lumber dealers, 20; grain elevators, 15; vessel agents, 15; produce brokers, 12; distillers, 10; wholesale dry goods, 10.

Any comprehensive view of the fluctuation in prices of agricultural products from the beginning of the great rise in the premium for gold coin during the latter part of June, 1862, until its disappearance in 1879, when the United States Treasury resumed specie payments, must take into consideration the changes in that premium which were instantly reflected in the price of all exportable commodities. The price of gold coin in New York at the close of the year was \$1.33@1.33½. Assuming the price to have been \$1.33⅓, the specie value of wheat, corn, pork and other produce was precisely 25 per cent less than the following quotations, which were in legal tender money: No. 2 spring wheat, 86 cents; equal to 64½ cents in gold. Mixed corn, 40¾; equal to 30½@⅝ in gold. No. 1 oats, 41; equal to 30¾ in gold. Mess pork, \$13; equal to \$9.75 in gold.

The war made little progress in 1862; but on the whole the result was slightly favorable to the Union Armies. The failure of General McClellan's Peninsula campaign, and General Pope's fiasco at Bull Run (second Bull Run), and the consequent invasion of Maryland by the Confederates, were fully offset, so far as military results were concerned, by McClellan's defeat of Lee at Antietam and the retreat of the latter to his fortified lines at Fredericksburg. Burnside's rash frontal assault upon a position well-nigh impregnable left the situation in the eastern theater of war discouraging. Elsewhere, however, the balance was greatly in our favor. New Orleans was firmly held by Union Forces; the enemy had been so severely handled at Pea Ridge and Prairie Grove that the Confederates had been driven from Missouri; nearly all of Kentucky was in our hands, as well as a considerable portion of Tennessee, some of Arkansas and Mississippi and most of West Virginia; and important positions were held on the sea coast.

1863

At the close of the last day of the year 1862, the armies of General Rosecrans and General Bragg confronted each other on the bloody field of Stone River, where the grim tenacity with which General Sheridan's division held its ground, saved the Union forces from disaster. The second Board of Trade regiment was in Sheridan's division, and participated in its glorious service; while the Chicago Board of Trade battery in the Pioneer Brigade of the Army of the Cumberland won equal renown. Immediately after this great battle, the Board of Trade sent agents and nurses (Mrs. O. E. Hosmer and Mrs. Smith Tinkham among them), to the hospitals

at Nashville and Murfreesboro, to which the wounded had been brought in great numbers from the battlefield. Supplies, including rubber blankets, were also sent to the battery and to the second Board of Trade regiment, both of which had suffered severely in this action. The latter met its first loss at the battle of Perryville, October 8, 1862, where it received its baptism of fire less than five weeks after leaving Chicago.

So conspicuous was the valor and good conduct of the Board of Trade battery in the Battle of Stone River that General Rosecrans, upon request of Captain Stokes, suspended, in its application to this battery, a General Order which had been promulgated by General Buell some months before, forbidding batteries in the service of the United States to use flags. This action by General Rosecrans permitted the battery to display a beautiful stand of colors which the Board of Trade presented to the organization bearing its name, about two months before. ("Tribune," January 24, 1863.)

Mr. Seth Catlin, who had been Secretary of the Board of Trade for several years, died on the 18th of January, 1863, after a long illness, and on the 26th of February John F. Beaty was elected in his stead.

On the 21st of February, 1863, a meeting of the Board of Trade was held at which John L. Hancock, chairman of the War Fund Committee, reported in substance as follows:

Total receipts to February 14, 1863.....	\$50,375.38
Paid to 190 families of soldiers of the Board of Trade bat-	
tery and regiments.....	5,292.00
Paid bounty to members of the battery.....	9,360.00
Paid to families on allotment.....	797.00
Paid for goods, exclusive of money raised by contributions	
on 'Change	4,520.46
Paid for recruiting.....	2,415.62
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Total expended to October 15, 1862.....	\$22,601.48
Disbursements by War Fund Committee from October 15,	
1862, to February 14, 1863.....	7,208.93
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Total disbursements	\$29,810.41
Balance on hand.....	20,564.97

An item of \$216.40 is required to make these figures from the "Tribune" of February 23rd balance.

At this meeting the committee, who had been sent South to look after the welfare of the Board of Trade regiments and batteries, reported that "Mrs. Hosmer and Mrs. Tinkham are still ministering to the wants of our men in the hospitals at Nashville and Murfreesboro." On the 3rd of March, 1863, there was a special meeting of the Board of Trade, at which Mr. Ira Y. Munn made

an urgent request for aid for our soldiers, and moved that immediate action be taken towards this end. The motion prevailed and Murry Nelson, chairman, W. V. Cox, P. L. Underwood and E. G. Wolcott were appointed the committee. An earnest appeal was made by means of circulars, which were distributed throughout the State, as well as in Chicago. Fruit and vegetables were much needed by the soldiers, and donations of these indispensable articles of diet were solicited, as well as gifts of money. As a result of the committee's energetic campaign, Mr. Nelson was able to report to the Board on the 27th of the month that \$3,080 in money had been collected and a quantity of vegetables, clothing and sanitary stores almost equal in value to the money. These contributions to the comfort and health of the soldiers were forwarded to the camps as soon as received.

The Financial Situation

Closely related to the military situation during the war, and of equal importance, was the financial problem; and of vast influence upon both these vital questions was the public opinion of the loyal States. These States had a superiority in numbers and in wealth which would have enabled them to crush the rebellion in much less time than was really consumed, if their people had been united in favor of a vigorous prosecution of the war. Almost as speedy would have been the result if it had been practicable for them to expel from their midst the hundreds of thousands of men who by their opposition to the war rendered far greater assistance to the Southern Confederacy than they could have done if they had been in the field under Lee or Hood or Johnson. The contest would have been shorter if, as someone expressed it, "we could have had all our enemies in front." President Lincoln's proclamation of January 1, 1863, emancipating the slaves in all the States, or parts of States, still in rebellion, offered an excuse for the most violent opposition to the administration on the part of secession sympathizers, and even estranged many who had before been Mr. Lincoln's supporters. Almost from the beginning of hostilities, the President had been urged by a small but persistent and aggressive group of radical men to take this action, which he had felt was premature. General Fremont and General Hunter had assumed authority to free slaves in their respective departments, and had been sharply rebuked by the President for usurping a power which belonged to the executive alone. But in the autumn of 1862, Mr. Lincoln felt that as a war measure the proclamation should not be longer delayed, and on the 22d of September, five days after the battle of Antietam, he announced to the people of the States in rebellion that unless they should submit to the authority of the United States, he would, on the 1st of January, 1863, declare the freedom of their slaves, and support this declaration by the military

power of the United States. Although issued as a war measure, Mr. Lincoln's detractors misrepresented it as an unconstitutional interference with the rights of slaveholders in the rebellious States, which apparently gave them more concern in this great crisis than the existence of the Nation.

The new line of cleavage in the public opinion of the people produced by the Emancipation Proclamation probably influenced to some extent the credit of the Government, and was responsible in part for the advance in the gold premium which set in early in January and reached 55 per cent on the 27th of that month, and 72¼ on the 25th of February. It was apparent that a crisis was at hand in the affairs of the United States Treasury, and the newspapers of the country were full of editorial advice to Congress. "Wells' Weekly Commercial Express, in its issue of January 15, 1863, says: "The excitement in financial circles in regard to the probable increased issue of 'greenbacks,' leading to a further and altogether unprecedented rise in the gold premium, has been the all-prevailing influence in the markets for leading articles of country produce."

On the 17th of January, 1863, a third issue of \$100,000,000 legal tender notes was authorized, increased March 3d to \$150,000,000, making a total of \$450,000,000 authorized legal tender notes. On the 25th of February, President Lincoln approved the Act of Congress passed some days before, known as the National Banking Act. Whether the alarm in financial circles which culminated at this time in the highest gold premium of the year, as already related, was real or simulated, it soon began to subside, and the success of the National banking system was a great boon to the Government during the remainder of the war and for half a century afterwards.

On the 26th of March, a member of the Board of Trade was expelled by a special meeting of the Association. The offender was charged "with an attempt to commit a fraud," in applying for a policy of insurance on a cargo of grain several hours after he knew that the vessel and cargo were lost in the lake. He admitted the facts as charged, but insisted that he had intended only to perpetrate an innocent joke. Unable to appreciate so keen a sense of humor, the Board decided that the culprit should have no further opportunity to perpetrate jokes of this kind on the Board of Trade. Another member was charged with an act of fraud at this meeting, but there was a conflict in the testimony and he escaped punishment by the close vote of 53 to 47. At this meeting, Charles Randolph offered the following amendment to the by-laws of the Board, giving the directors a power of discipline which had been heretofore lodged in the full Board: "Any member of the Association, making contracts, either written or verbal, and failing to comply with the terms of such contract, shall upon representation

of an aggrieved member to the Board of Directors, accompanied with satisfactory evidence of the facts, be suspended by them from all privileges of membership in the Association until such contract is equitably or satisfactorily arranged and settled. And it shall be the duty of the Board of Directors to cause to be publicly announced to the Association the suspension or restoration of any member suspended under this rule." Consideration of this proposed amendment was deferred until the annual meeting, when it was adopted.

The Fifteenth Annual Meeting

The fifteenth annual meeting of the Board of Trade was held April 6, 1863. The officers elected were: John L. Hancock, President; N. K. Fairbank, First Vice-President; Charles Randolph, Second Vice-President.

The retiring President, C. T. Wheeler, reported that the total amount paid into the treasury, exclusive of the war fund, was \$33,836.37; total expenditures, \$31,832.03; amount collected for the war fund, \$51,365.99; paid out on orders of the War Fund Committee, \$36,566.12; leaving in the hands of the Board of Trade, subject to the order of the War Fund Committee, \$14,799.87.

Attention was called to the urgent need of more commodious quarters, and the President recommended that immediate steps be taken to procure a suitable location, and to erect thereon a Board of Trade building. On the 21st of May, 1863, a committee consisting of N. K. Fairbank, Charles Randolph, J. C. Dore, Julian S. Rumsey, Stephen Clary, W. D. Houghteling and C. T. Wheeler, recommended the organization of the Board of Trade Building Association, and submitted a proposed amendment to the charter of the Board under which it was believed that the Board could construct and own its building. Further investigation convinced the committee that their first plan was inexpedient.

A new committee, of which Charles Randolph was chairman, on the 19th of February, 1864, recommended the organization of a joint stock company under the charter of the Chamber of Commerce of Chicago, for the purpose of erecting and owning the building, and the Board of Trade adopted the report of the committee. This was the charter obtained on the 14th of April, 1863, by those members of the Board of Trade who felt aggrieved at the action of the Association with relation to the Chicago "Times." Their resentment appears to have been appeased when the charter was obtained, and they took no further steps looking to the creation of a rival exchange. Mutual forbearance prevailed, and the project slumbered until the winter of 1863-4, when, to avoid forfeiture of the charter, it became necessary to perfect the organization, and 20 shares of stock of a par value of \$100 each were taken and officers elected. Several of these were staunch supporters of the old Board, and doubtless the wisdom of making the Chamber

of Commerce a building corporation rather than a rival commercial organization was apparent to all. One provision of the charter of the Chamber of Commerce not found in that of the Board of Trade reads as follows:

"Provided, no person shall ever be rejected or expelled for religious or political tenets, and no member shall be expelled or any penalty inflicted upon said member for any offense against said corporation, except upon conviction, after due notice, and a fair trial and hearing in the presence of the accused (unless said member has absconded), who shall be permitted to examine and cross-examine witnesses upon said trial. The testimony taken at said trial, if requested by either party, shall be taken in writing and shall be accessible to either, for reading, copying or publishing the same."

The widely heralded Canal Convention met in Chicago on the 2d of June, 1863, and elected Hon. Hannibal Hamlin, Vice-President of the United States, its permanent chairman. The delegates from the Board of Trade were: John L. Hancock, N. K. Fairbank, Stephen Clary, George Armour, C. H. Walker, Ira Y. Munn, William Sturges, R. McChesney, N. K. Whitney, W. D. Houghteling, C. T. Wheeler, J. S. Rumsey, G. S. Hubbard, Charles Randolph, E. W. Densmore. A large number of distinguished men were present as delegates, nearly every loyal State east of the Rocky Mountains being represented. The convention was in session three days, and discussion disclosed a wide divergence of sentiment among those present. The call of the convention indicated "the enlargement of the canals between the Valley of the Mississippi and the Atlantic," as the object in view, but delegates seemed determined to talk on other subjects, and advocates of a ship canal around the Falls of Niagara; advocates of canal around the Des Moines Rapids and the Rock Island Rapids of the Mississippi River; advocates of an improvement of the St. Clair flats, and of the enlargement and deepening of the channel of the Fox and Wisconsin Rivers, and other projects, insisted upon a hearing.

An executive committee was appointed, but the unanimity of sentiment which was hoped for could not be secured, and without the prospect of inducing the Congress of the United States to enlarge the Illinois and Michigan Canal at national expense was not flattering.

On the 1st of June, 1863, Allen C. Fuller, adjutant general of the State of Illinois, appealed to the Board of Trade for aid for the Sanitary Commission, and the members subscribed \$5,560 as individuals, to which the association added \$2,500.

During the first few days of July Lee was defeated at Gettysburg, and General Pemberton surrendered the city of Vicksburg to General Grant with 31,600 prisoners of war. After these defeats the Confederacy's only chance of ultimate success lay in the possibility

that disaffection in the North might result in a political revolution, and the triumph of the "peace Democracy" at the polls.

The Chicago "Tribune" of July 7 contains an eloquent tribute to the memory of Lieutenant-Colonel Joseph C. Wright of the Seventy-second Illinois Volunteer Infantry (first Board of Trade), who died in Chicago on the previous day in consequence of wounds received in the assault upon the enemy's works at Vicksburg, May 22. His arm was amputated on the field of battle, and he recovered sufficiently to endure the journey to his home. Hope of his restoration to health had been entertained, but a second amputation was found necessary, and he died as every soldier would choose to die, of wounds received in the line of duty. President Hancock called the Board to order at 12:30 o'clock when Colonel Wright's death was announced, and a committee was appointed to arrange for a military funeral. This was held on the following day at the Second Presbyterian Church, of which Colonel Wright was a consistent and conspicuous member. While the funeral was in progress in the church the people of Chicago outside the church were wild with joy because of the surrender of Vicksburg, news of which had been received on 'Change just before noon of that day.

On the 16th of July the Norwegian sloop "Skjoldmoen," 55 tons, arrived from Bergen, Norway, after a voyage of 94 days. The "Tribune" of the 18th claims that "this sloop is the smallest vessel that ever crossed the Atlantic."

The Common Council having attempted to interfere with the Board of Trade inspectors, the Board on the 17th of September, 1863, endorsed "the action of the Directors, who resolved that they will defend any and all suits instituted by the city of Chicago, or under its direction or authority, against any member or members of the Board of Trade for alleged violations of municipal ordinances appertaining to the subject of inspection."

Brigadier-General T. E. G. Ranson, commander of the brigade in which the first Board of Trade regiment (Seventy-second Illinois) was included, visited the Board on the 9th of October, and in the course of his remarks expressed his opinion of that organization, as follows: "They need no words of praise from me, for their brilliant record before Vicksburg, and their torn and tattered colors, speak in louder terms than I can express, of the honor they have conferred upon you and themselves.

On the 14th of November a special meeting of the Board pledged itself to secure the erection of a Soldiers' Monument in Rosehill Cemetery. It also voted to aid in recruiting to their full strength the Board of Trade regiments, which had become greatly reduced in numbers. A few days later, in accordance with this good resolution, the Directors appointed S. S. Green and Joseph C. Riddle to recruit for the first and second Board of Trade regiments.

A call for 300,000 men was issued by President Lincoln, Octo-

ber 17, 1863. The quota of Chicago under this call was about 3,000, and it was hoped that enough volunteers could be found before January 5, 1864, at which date it was announced a draft would begin, to make up the deficiency, if any should then exist. The enthusiasm, which in the early days induced so many to volunteer, was lacking, and although the quota was finally furnished and a draft avoided, it was only after an extension of time had been secured. Probably the energetic work of the Board of Trade contributed more to the success of this effort than any other agency.

The costly victory won by the Confederates at Chickamauga, on the 19th and 20th of September, was the only important interruption to the Union successes in the last half of the year 1863. Even this was barren of result, for two months later Hooker stormed Lookout Mountain and Grant carried Mission Ridge, driving the remnant of Bragg's army across the battlefield of Chickamauga, where it had triumphed in the early autumn. The Confederacy showed great vitality, but that its death wounds were received at Gettysburg and Vicksburg was now apparent. Its army under Lee was capable of making desperate resistance, but in the West great gain had been made by the Union forces, and furthermore the credit of the Confederacy was rapidly sinking.

Notwithstanding the enormous expenditures involved in prosecuting the war, gold closed in New York on the last day of 1863 at a premium of 51 $\frac{7}{8}$.

The Directors of the Board of Trade having changed the statistical year to make it correspond with the fiscal year of the Board, the Secretary deferred his report for 1863 until the 31st of March, 1864.

1864

The early months of 1864 were months of preparation for the great military campaigns which careful observers felt must result in victory for the Union armies, unless the rising tide of discontent in the North should paralyze the efforts of soldiers in the field. In the Southern Confederacy every available man and boy was forced into the ranks, and every possible effort made to avert the doom which many of those who were still attached to its fortunes saw impending. If the depreciation of the "greenbacks" had embarrassed the United States Treasury, financial conditions in the Southern Confederacy were infinitely worse. At no time since the "greenbacks" were issued had they been worth less than 62 cents in gold, while Confederate currency before the close of the year 1863 was worth less than six cents of its face value in gold.

Four months of the new year passed before the great campaigns directed by General Grant and General Sherman were fairly under way. The gold premium began to rise slowly soon after the turn of the year and on the first of July, 1864, touched \$1.85 under the

combined influence of the desperate resistance offered by the Confederates under General Lee, and an unwise attempt on the part of Congress to prohibit contracts for the purchase and sale of gold for future delivery.

The first annual meeting of the Chamber of Commerce was held on the 1st of March, 1864. The following officers were elected: President, R. M. Hough; Vice-President, V. A. Turpin; Treasurer, J. V. Farwell. The Board of Directors chosen at this meeting was composed largely of members of the Board of Trade, and the two organizations being now of one mind as to future action, the Board of Trade voted in favor of the "Baptist Church" lot on the south-east corner of Washington and LaSalle streets. Subscriptions to the stock of the Chamber of Commerce being called for and limited for ten days to members of the Board, nearly the whole amount required was subscribed within the time indicated. On the 8th of March, 1864, it was announced in the daily newspapers that the Baptist Church property had been purchased, and preparations were under way for construction of the new Exchange.

The sixteenth annual meeting of the Board of Trade was held April 4, 1864, President John L. Hancock in the chair. The total receipts for the year were \$45,908.21; expenditures, \$41,909.82. Balance on hand, \$3,998.39. The War Fund Committee had a balance on hand of \$5,129.79. Thomas Parker was elected First Vice-President. C. J. Gilbert was elected Second Vice-President. There were three candidates for President, none of whom received a majority. Mr. R. McChesney withdrew his name as a candidate, and at the adjourned election on the following day John L. Hancock was re-elected President by a vote of 392 to 247 for Charles Randolph.

There was at this time a quantity of currency in circulation issued by banks in many States, some of it good and some open to suspicion. Mr. Ira Y. Munn introduced a resolution to the effect that "on and after the 1st inst., all transactions by members of this Board shall be for United States legal tender notes, and national bank notes, or their equivalent." The resolution did not pass, but at a meeting of the Board on the 11th of April it was agreed to and the Board of Trade again threw its influence in favor of sound money.

The Directors having, as previously stated, changed the statistical year to conform with the fiscal year of the Board, Secretary Beaty's report under date of April 1, 1864, covers the period from April 1, 1863, to date. He gives in separate tables the inward and outward movement of the principal articles of produce for the first quarter of 1863, but it is unnecessary to refer to these for purposes of comparison. He reports the membership of the Board of Trade as 1,261, and congratulates the organization "upon a year of unexampled prosperity."

The storage capacity increased greatly during the fifteen months which had elapsed since the last report on December 31, 1862, the following large elevators having been built: Steel & Taylor, 1,250,000 bushels; Flint & Thompson, 1,250,000 bushels; Armour, Dole & Co., 800,000 bushels, making the total capacity of Chicago elevators more than ten million bushels of grain.

Wheat and Flour

The movement of wheat and flour for the year ending March 31, 1864, was smaller than in the year 1862, attributable to the light crop of that year, and to the slow movement to market of the crop of 1863, which the scarcity of agricultural laborers in the Northwest rendered inevitable. A noticeable feature of the wheat trade of the year was that Northern Iowa, Northern Wisconsin and Southern Minnesota contributed an increasing proportion of the receipts, improving thereby the quality of Chicago wheat, and battering its reputation in Eastern and European markets.

Receipts and shipments of flour and wheat for the year 1863-4 as follows: Receipts—Flour, barrels, 1,424,055; wheat, bushels, 12,461,554. Shipments—Flour, barrels, 1,507,816; wheat, bushels, 10,759,152. Less flour was manufactured in Chicago in 1863-4 than in the previous statistical year, the number of barrels as reported by Secretary Beaty being 223,123, against 260,980 in 1862.

The price of wheat fluctuated widely, No. 2 spring wheat, which advanced from 88 cents in January to \$1.12 in March, declining again to 80 cents in August, partly on account of the fall in gold caused by the victories at Gettysburg and Vicksburg, and partly on account of the good crop prospects. From this minimum there was an advance to \$1.15 in October, and the price did not sink below \$1.02 again during the year 1863, and in the week ending March 26, 1864, it was steady at \$1.11.

Corn

Owing to severe frosts in August and September, 1863, the autumn and winter movement of corn was very small, and the total receipts for the statistical year were about 15 per cent less than in the year 1862. Receipts were 25,160,516 and shipments 24,906,934 bushels. The price of corn fluctuated very little until the damage caused by the frosts about the first of September was realized, when there was a rapid advance, which culminated about the middle of November at 98 cents per bushel for No. 2 corn and 99 cents for No. 1. This was about double the price which prevailed during the spring and early summer.

Oats

The falling off in receipts of flour and wheat was compensated for by an extraordinary increase in receipts of oats, due to the

requirements of the army. The high prices stimulated production, and farmers used other grains for feeding, as far as practicable, and marketed their oats more closely than ever before. Receipts were 11,005,743 and shipments were 9,909,175 bushels. Prices fluctuated widely, as might be expected. Sympathizing with the corn market, oats were comparatively steady in April, May, June and July, the demand for army use keeping them five to ten cents per bushel above the price of corn. As the weight of a bushel of corn is 56 pounds and the weight of a bushel of oats 32 pounds, one pound of the latter was worth, at this time, about twice as much as a pound of corn. Nearly all the army contracts for oats were filled by purchases on the Board of Trade of the city of Chicago.

Influenced by the same causes which produced a decline in wheat after the great battles of Vicksburg and Gettysburg, and by the abundant crop then being gathered, No. 1 oats declined from the 55@60 cent range they had maintained up to the latter part of July, to 30½@ 31 cents, about the middle of August, advancing again after frosts had damaged the corn crop to 72 cents per bushel in October. The price at the close of year 1863 was 66 cents, and in the last week of March, 1864, about 65 cents per bushel.

Rye

Receipts of rye showed a falling off of more than 25 per cent, the high price of corn during most of the statistical year causing a great increase in the demand for rye from distilleries. Receipts and shipments of rye were 747,295 and shipments 683,946 bushels respectively. The price of No. 1 rye advanced about 20 cents a bushel in the early part of 1863, but in sympathy with wheat and oats declined from 80 cents in April to 53@55 cents in the latter part of August. The frosts which destroyed so much of the corn crop about September 1, caused another advance in rye, which sympathized with corn. This advance did not culminate until about the middle of December, when the minimum price just mentioned was doubled, No. 1 rye reaching \$1.07 per bushel. At the close of the statistical year it was quoted at \$1.03.

Barley

The barley crop of 1863 was good, both in quality and yield, and the movement for the year showed a large increase.

Receipts and shipments of barley were 1,244,584 and 943,252 bushels respectively. After a sharp advance in the early part of 1863, barley in sympathy with other cereals declined during the summer, and the grade of No. 2 was quoted about the middle of August at 68 cents per bushel in store. Like the other grains, too, its price was affected by the frost, and the advance culminated in December, when the same grade brought \$1.26 in store. In the

week ending March 26, 1864, the last week of the statistical year, it was steady at \$1.23@1.23½.

The Provision Trade

Receipts of hogs showed a material increase over the year 1862, but the scarcity in eastern markets resulted in so great a demand from the butchers of New York, Philadelphia and other eastern cities, that the fifty-eight packing firms in Chicago packed only 904,659 hogs during the season of 1863-4, against a total of 970,264 during the preceding season. (It will be observed that the comparison is not made with the year 1862, when the number packed was 842,515.) Cragin & Co. again head the list of packers, closely followed by the firm of A. E. Kent & Co. The only firms which packed more than 50,000 hogs were: Cragin & Co., 95,556; A. E. Kent & Co., 82,514; Griffin Bros., 50,133. The receipts and shipments of hogs were as follows: 1,677,757 and 856,485 respectively. Perhaps the most noticeable feature of the trade was the increase in percentage of dressed hogs, which were nearly one-fifth of the whole number. The price of live hogs fluctuated in sympathy with the corn market, declining from the middle of April until the middle of August, when the quotations were \$3@3.75 per hundred pounds. The market became firmer during the last week in August, and with occasional recessions continued to advance until the last week in March, 1864, when the range was \$5.75@7.75, or about double the prices quoted before the frosts of late August and early September, 1863. Pork product followed the price of hogs, mess pork being quoted in June, 1863, at \$11 per barrel and in March, 1864, at \$22. During the year under review Chicago snatched from Cincinnati, long known as the Porkopolis of the United States, leadership in the pork trade, which she has ever since retained, having already taken first place as a cattle packing and shipping point.

Thirteen firms packed during the season 70,086 cattle against 59,687 packed in 1862. Of these Wooster, Hough & Co. packed 13,000, Cragin & Co. 12,012, A. E. Kent 9,260, and G. S. Hubbard & Co. 9,435.

Receipts of cattle were 300,622 and shipments were 187,068. As in the case of other commodities prices were lowest just before the frosts, and highest towards the close of the statistical year, the range for choice cattle being \$4@7 per hundred pounds.

Lumber

The receipts of lumber during the year were 413,301,818 square feet, an increase of 107,627,773 square feet over the year 1862. The season was one of unexampled prosperity in the lumber trade. There was a sharp advance in the price of the best grades of lumber, but little change in poorer qualities.

Seeds

The trade in grass seeds and flax showed a fair increase, as shown in the receipts of 9,885,208 and shipments of 7,754,656 pounds. Prices were influenced by other considerations than those which controlled the market for the more important articles of produce, but as a rule highest quotations were made near the end of the statistical year.

Salt

There was a large increase in the amount of salt handled in Chicago, receipts for the statistical year having been 775,364 barrels, against 612,003 in 1862, and shipments 579,694 barrels, against 520,227 in 1862.

Hides

Few lines of trade showed so great an increase as the trade in hides. Receipts for the statistical year were 17,557,728 pounds, against 12,747,123 pounds in 1862. Shipments were 23,781,979 pounds, against 15,315,359 pounds in 1862. In both cases the excess of shipments over receipts was due to the large number of cattle slaughtered in Chicago. The hides from these cattle exceeded the demand from local tanneries.

High Wines

Receipts of this commodity were 137,947 barrels and shipments were 159,312. Four large distilleries in Chicago produced 4,850,022 gallons of high wines, an amount almost equal to the receipts, thus accounting for the excess of shipments over receipts.

Freights

The railroad tariff on grain to New York, which was \$1.05 per hundred pounds in January, 1863, and 90 cents in March, was reduced to 55 cents in August, and advanced to \$1.10 in December. It was \$1 in the latter part of March, 1864, at the close of the statistical year. Lake freights to Buffalo were as low as 4 cents per bushel on wheat and 3½ cents on corn in August, and as high as 13 cents on wheat in the latter part of October.

Late in the winter of 1863-4 the city newspapers began to publish quotations of grain and high wines at the evening meetings held in the Tremont House saloon, where many members of the Board of Trade were accustomed to congregate. High wines offered an unusual opportunity to the speculative fraternity at this time, because it was uncertain whether the bill then pending in Congress would or would not tax stocks of high wines on hand, as well as those to be manufactured in the future. If only high wines of future manufacture should be taxed, those who held stocks on hand would reap a rich harvest. On Wednesday evening, April 13, the saloon

of the Tremont House was so crowded that a large portion of the operators went to the exchange room of the Sherman House, where they continued their business and made their headquarters in future.

The Governor of the State of Illinois having issued a call for 20,000 men to serve one hundred days, a meeting of the Board of Trade was held April 28, 1864, at which the members pledged themselves that they would, "as far as practicable, retain the situations of those who may enlist," and "upon their honorable discharge, reinstate them in the positions they occupied before enlisting." An appropriation was made of \$2.50 per week for each needy family of a soldier, such money to be paid from the funds of the Board.

Many of the most influential banks and bankers of the city were opposed to the action taken by the Board of Trade with regard to the so-called "wild-cat" currency, and tried to induce the Board to rescind its resolutions and consent to a postponement of the adoption of a "legal tender" basis, until July 1. A meeting of the Board was held on the 22d of April to consider this question, but the members were firm in their resolve to adhere to the 15th of May, as they had before determined. The National bankers were in favor of the date adopted by the Board of Trade, but some other bankers were anxious to postpone action as long as possible, and the latter forced the bankers' meeting to go on record in favor of July 1. This move by the bankers was distasteful to those members of the Board of Trade who were in favor of sound money with which to transact business, and on the 10th of May a paper was circulated at a meeting of the Board and numerous signed pledging the signers "not to transact any business on and after Monday next, except on a 'greenback' basis." Before the close of the following day one hundred and twelve prominent Board of Trade firms and individual members had signed this pledge. The bankers submitted, and on the morning of the 12th the "Tribune" announced on its first page that "every effort made to break down and nullify the resolution of the Board of Trade has signally failed." The railroads and express companies joined the movement, and on the following Monday (the 16th) members of the Board of Trade had the satisfaction of seeing the successful inauguration of this great reform in which they had taken a leading part.

The great campaigns conducted by General Grant and General Meade in Virginia, and by General Sherman in Georgia, were begun almost simultaneously, Grant crossing the Rapidan May 4, while on the next day Sherman moved southward from Chattanooga. The Richmond "Examiner" said, about this time: "If we hold our own in Virginia until summer is ended the North's power of mischief everywhere will be gone. If we lose, the South's capacity for resistance will be broken. * * * This is the last year of the war, whichever wins."

The constant forward movement of both the great Union

armies during the month of May gave encouragement to the hope of an early and complete triumph, although the loss of life in the Wilderness and at Spottsylvania was without precedent in so short a campaign. When to these losses were added the useless sacrifice at Cold Harbor, and the certainty that Richmond could be taken only by siege, great disappointment was felt throughout the North, and discontent was found in unexpected quarters. A political campaign was impending, and Mr. Lincoln, his party, and the generals in the field, were vilified in the most unscrupulous manner by those who hoped to defeat the Republicans at the November election and bring about peace upon terms acceptable to the sorely pressed Confederates.

The speculation in gold coin had grown to such proportions that a Gold Exchange was opened in New York, and as it was virtually trading in the credit of the United States Government, and as secret enemies were suspected of bidding up the premium for the purpose of injuring the public credit, a bill was enacted by Congress June 17, 1864, to stop a practice which was, in the minds of many, a public scandal. "This act declared unlawful any contract to purchase or sell gold to be delivered on any day subsequent to the making of the contract; it also forbade the purchase or the sale of foreign exchange to be delivered at any time beyond ten days subsequent to the making of such contract; or the making of any contract for the sale and delivery of any gold coin or bullion of which the person making such contract was not at the time of making it in actual possession." (Dewey, 296.)

The effect of the gold bill was directly opposite to what its promoters expected. Within two weeks the gold premium doubled, and on the 1st of July a gold dollar was worth \$2.85 in greenbacks; or, in other words, the greenback was worth a little more than 35 cents in gold. The situation became intolerable, and the law was repealed fifteen days after its passage. Of course the excitement was intensified by the check which General Grant's army had received at Cold Harbor, and all the flurry was not chargeable to the gold bill. The extreme figure noted above was temporary, and the pretext given for the sudden advance was the resignation of the Secretary of the Treasury, which became known on the morning of July 1st. When the appointment of Senator Fessenden as Secretary of the Treasury to succeed Secretary Chase was announced, confidence was restored, the price of gold dropped to \$2.55, and on the following day to \$2.30, upon receipt of a rumor that Congress had repealed the gold bill. It will be understood that these figures represent the **price** of the gold dollar and not the **premium**, which was of course \$1 (nominal) less. Gold again advanced to \$2.76 on the 7th, owing to fear that President Lincoln would not sign the act repealing the gold bill. It touched \$2.84 again on the 11th owing to General Early's raid into Maryland and

threatened attack upon Washington, only to decline when the Confederates were driven across the Potomac.

A new call for 500,000 men issued on the 18th of July was evidence that the end of the war was some distance in the future, and prevented a serious decline in the gold premium. As an advance in gold inflated prices of all commodities, and a decline caused loss to the holder of goods of every description, it is easy to see how merchants who were lukewarm supporters of the Government, as well as those thoroughly hostile to it, might find their pecuniary interest on the side of the country's enemies.

On the 10th of September the cornerstone of the Chamber of Commerce, which was expected to be the home of the Board of Trade for ninety-nine years, and for which an annual rental of \$20,000 was agreed upon, was laid with great ceremony, including the inevitable street procession.

The Democratic presidential convention met in Chicago on the 29th of August, and the violent harangues of those who demanded that the "usurper" (Lincoln) "be hurled from power" encouraged the "Knights of the Golden Circle," "Sons of Liberty" and other treasonable organizations already formed in southern Illinois and Indiana, and who boasted of their ability to marshal several hundred thousand men to resist the prosecution of the war.

Even this menace of a new diversion in favor of the Confederacy could not stay the downward course of the gold market when the news came that Sherman had captured Atlanta on the 2nd of September, and Sheridan was sweeping the rebels out of the Shenandoah Valley, Sheridan's great victory at Fisher's Hill on the 22nd of September, being followed on the 24th by a break in the gold market to \$1.99. The "Tribune's" review of Board of Trade affairs on that day says:

"The Board of Trade rooms today, for upwards of two hours, presented a scene of the most indescribable confusion. In the early part of the morning the telegraph wires were down, and no report of gold having been received, operators worked cautiously in the dark; but as soon as the dispatches began to arrive, a wild panic set in, which has only been equaled in a few instances in the history of the grain trade of our city."

It was found impossible to secure enough volunteers to fill the quota of Cook County under the last call for troops, and drafting began September 26th, the county being then in arrears 1,650 men (Colbert, p. 96). The deficiency was greater in some wards than in others, but not a ward in the city had furnished its full quota. Most wards had a local committee who furnished substitutes for the conscripts; and members of the Board of Trade were so fully occupied with the work of these local organizations that they had no time or strength to push the Association as a whole into the task of recruiting.

The next business day gold was down to \$1.85 and panic again reigned on the Board of Trade. On the 12th of November, just after the presidential election, gold was forced up to \$2.69½, but it was plainly due to manipulation and the price soon receded.

The next two months were full of thrills. General Sherman began his famous March to the Sea, on the 15th of November; on the 30th Schofield defeated the Confederates with great loss at Franklin; on the 15th and 16th of December, General George H. Thomas completed the destruction of Hood's army at Nashville, and on the 10th Sherman reached Savannah, of which he took possession on the 21st. His triumphal march through the heart of the Confederacy, to which the enemy was unable to oppose any effective resistance, showed unmistakably that the end was near.

The End of the War

The new year saw the military power of the Confederacy broken everywhere except in Virginia and the Carolinas. No more recruits could be had to fill the ranks of the hungry and desperate army under Lee's command at Richmond and Petersburg. Adequate supplies of food and ammunition were cut off from the remnants of those armies which for nearly four years had defied the soldiers of the Union. It was evident that as soon as Lee could be forced to abandon the great fortress which had sheltered his depleted ranks since the middle of the preceding summer, the end would come. And yet the eventful year 1864 closed with the gold dollar worth \$2.26⅝. The military situation was still the dominant factor in determining the course of gold, but the 600 or 700 millions of currency then in circulation, and believed by most financiers to be far in excess of the needs of commerce, was a potent influence.

The capture of Fort Fisher, near Wilmington, N. C., on the 15th of January, was the first in a series of momentous events which caused the premium on gold to decline, until on the 10th of April, the day after Lee's surrender, gold coin touched \$1.44. The Chicago "Tribune" of January 21st, reviewing the Chicago markets of the previous day, says: "The panic in gold in New York today spread to this city, and the value of almost every merchantable article was correspondingly affected thereby. Pork declined \$2 to \$3 per barrel and wheat fell 10@12 cents per bushel."

On the 1st of March it was rumored that Lee was preparing to evacuate Richmond and gold fell to \$1.99½, touching \$2 for the last time. During the week ending March 15th, Sherman's irresistible progress through the Carolinas, and Sheridan's successes in the upper Shenandoah Valley, caused another break of 20 per cent in the gold market, with the usual accompaniment of panic in all articles of produce. Even this was only the beginning of a further decline, which in little more than a fortnight cut another 30 per cent from the premium as the war was brought to a close

by the capture of Richmond and the surrender of General Lee with the remnant of his army. The day after this event gold touched \$1.45 $\frac{3}{4}$, showing the value of the greenback at this time to have been about 68 $\frac{3}{5}$.

The course of the gold market during the last year and a half of the war has been described at some length because it was the most vital fact in the financial and commercial world. No forecast of future prices of product based upon the factors which usually control those prices was worthy of a moment's consideration unless it took account of the probable course of the gold market. A trader's knowledge of crops, growing, or already gathered, in every country on earth might have been accurate; his estimate of probable demand and supply very near the truth; but all these data were worthless unless accompanied by an accurate forecast of the gold fluctuations in the immediate future. It was a nerve-racking time for members of the Board of Trade.

When the news of General Lee's surrender was received, the members of the Board of Trade, like the other loyal citizens of Chicago, gave up their usual occupations and spent the day rejoicing that the end of the long struggle had come, and that the old flag was triumphant from the Atlantic to the Pacific, and from the Great Lakes to the Mexican Gulf. The Board met as usual, but no business was transacted. The universal enthusiasm found expression in the waving of hats, in cheers, in speeches, in prayer, and in singing "Praise God from whom all blessings flow," "Star Spangled Banner," and "My Country, 'Tis of Thee." Later in the day there was a great procession in which the Board of Trade took a conspicuous part.

Even the annual meeting was adjourned until the following day, when the election resulted in the choice of the following officers: President, Charles Randolph; First Vice-President, T. Maple; Second Vice-President, John C. Dore. The adjourned annual meeting of the Board of Trade for the statistical year 1864-5 was held on the 11th of April, 1865, when the directors submitted their report, which showed total receipts for the fiscal year (including \$3,998.39 balance carried over from last year), \$59,999.15. Disbursements were: Inspectors and inspection account, \$27,258.50; war fund, \$12,427.57; Mulligan fund, \$1,000; other purposes, \$2,342.49; market reports, \$3,681.30; annual reports, \$1,747.66; Secretary's salary, \$4,000; circulating account, \$433.80; contingent expenses, rent, fuel, gas, labor, stationery, etc., \$6,899.26; leaving a cash balance of \$208.57.

President John L. Hancock in retiring congratulated the Board that so few failures had occurred during the past eight months, in which the premium on gold declined from \$1.92 to 47 per cent, greatly embarrassing the business of members of the Association. He expresses his great satisfaction "that I have been

so closely identified with this reliable and patriotic body of men since the breaking out of the war, and that I have the pleasure of knowing that, under the auspices of this Board, great good has been done in support of our armies and the Government in putting down this great rebellion."

The Chamber of Commerce building, which was to be the future home of the Board of Trade, was not completed, but the President expressed the hope that it might be ready for occupancy in the early part of July.

Secretary John T. Beaty reported an increase of 200 in the active membership of the Board, and the most successful year in its history. This statement is remarkable in view of the falling off in the movement of important cereals, and the terrific declines in grain and provisions due to the fall in gold. Possibly the explanation of this apparent inconsistency may be found in the great development of the speculative trade, to which the good Secretary and apparently the officers of the Board were much opposed. The Secretary says: "It is true that speculation has been too much the order of the day, and buyers of 'long,' 'short' and 'spot' have passed through all the gradations of fortune, from the lower to the higher round, and in many instances have returned to the starting point, if not to a step lower, but it is to be hoped that with the return of peace this fever of speculation will abate, and trade will be conducted on a more thoroughly legitimate basis."

The origin of this trade in "futures" or "options," as they were then called, has been already described. Its first marked increase during the war was due to the purchase of oats for future delivery to fill contracts made with the Quartermaster's Department of the United States Army. Soon after the premium on gold began to rise, speculative purchases of wheat, corn, oats, pork product and high wines assumed immense proportions, and yet the daily newspapers and the market reports of the war period will be searched almost in vain for the quotations at which these transactions were made until near the close of this period, when an occasional sale for future delivery, made at the evening meetings, finds its way into the public press. There were all sorts of deliveries contracted for, "seller's option five days," "ten days," "first half" or "last half" of some specified month—"buyer's option five days," ten days or longer period. The conservative men who controlled affairs at this time, however, seemed to think there was too much of the element of chance in this method of trade, and no rules governing the making and settlement of those contracts were made until October 13, 1865.

Warehouses

The only change in the storage capacity of the city during the year was the elimination of one small house of 75,000 bushels'

capacity from the list, leaving seventeen warehouses with a capacity of 9,935,000 bushels at the close of the fiscal and statistical year 1864-5.

Flour and Wheat

The movement of wheat and flour showed a decided decrease. The Secretary attributes the falling off in receipts of wheat "to a partial failure of the crop in Wisconsin and Illinois, and to the low stage of water in the upper Mississippi River, which held back some wheat from Minnesota and northern Iowa." Among the causes of the crop failure he gives "the midge," "the chinch bug," and "the rust." The movement of flour and grain is shown in the following statement: Receipts of flour were 1,170,274 barrels and of wheat 10,888,436 bushels. Shipments were, flour, 1,287,545 barrels, and wheat, 10,249,330 bushels. Nine mills in Chicago manufactured 290,137 barrels of flour against 223,123 barrels made in the previous year. Of the total, B. Adams & Co. led with 62,000 barrels, followed closely by the Oriental Mills, 50,000 barrels. The violent fluctuations in the gold premium made inevitable a wide range in the price of wheat during the year. Starting in April, 1864, at the beginning of the statistical year, at \$1.10½ per bushel, No. 2 spring wheat rose to \$2.11½ in the early part of July, and declined again as gold went down, to 98 on the 30th of March, 1865. No. 2 red wheat was considerably higher, the difference being usually from 8 to 15 cents per bushel.

Corn

There was an astonishing decrease in the receipts of corn, "wholly attributable," the Secretary says, "to the failure of the crop of 1863, which it will be recollected, was nearly destroyed by early frosts." He reports the crop of 1864 a fair average yield. Receipts were, in fact, the smallest since 1860, having been 13,197,340 bushels, only little more than half as much as the preceding year. Shipments were 14,182,644 bushels.

Like wheat and all other commodities, the price of corn advanced rapidly from the beginning of the statistical year on April 1, 1864, when No. 2 corn was quoted at 82½ cents per bushel, until the early part of July, when it sold as high as \$1.36½. Extreme scarcity enabled holders to keep it from sympathizing fully with the great decline in gold, and after falling to \$1.17 in October it was quoted as high as \$1.40 about the middle of November. Few quotations are given after the middle of December, when it was about \$1. Probably the stock of old corn was practically exhausted and the new corn was not dry enough to grade No. 2. Rejected corn declined 30 to 35 cents per bushel between the middle of December, 1864, and the 25th of March, 1865, and it may be assumed that No. 2 corn at the close of the statistical year was

nominally below 70 cents a bushel. It sold in a small way at 67 cents, "seller first half of April," on the 30th of March, 1865.

Oats

In sharp contrast with the diminished movement of flour, wheat and corn, was the largely increased movement of oats. Receipts of this cereal were nearly 50 per cent more than in the previous year, and nearly eight times as much as in the year 1860.

Receipts and shipments of oats for year were, respectively, 16,365,440 and 16,470,929.

In addition to these receipts by rail and canal, it was estimated that farmers' teams delivered 600,000 bushels. The active demand for army use, and the high prices which had prevailed for two years, stimulated the production of oats all over the United States, and particularly in Illinois, Iowa and Wisconsin, the region tributary to Chicago. Prices were so high at the beginning of the statistical year under review, that there was no export demand for oats, and hence they did not fully participate in the wild flight of other grains which accompanied the great speculation in gold in the summer of 1864. No. 2 oats were quoted as low as 61½ cents per bushel at the beginning of the statistical year, and the highest price reached in July, just before the gold bubble burst, was 79 cents. After that, their tendency to decline as the gold premium melted away was held in leash for several months by the scarcity and high price of corn, for which they were used as a substitute wherever practicable, and even as late as February, 1865, No. 2 oats were quoted as high as 61 cents. From this time, however, as the end of the war came into view, they plunged downward in company with gold and everything else except government bonds and "greenbacks," and on the 31st of March, 1865, they were down to 40 cents.

Rye

The rye crop of 1864 was abundant, and the stoppage of many distilleries through the west diverted large quantities of this grain to Chicago. These two facts resulted in a gratifying increase in receipts, which were 1,077,776 bushels and shipments were 898,536 bushels. The price of No. 1 rye advanced with gold and other commodities from \$1.02 per bushel at the beginning of April to \$1.50 in July, and declined again with them to 65 cents on the 30th of March, 1865.

Barley

An inferior crop of barley in the country tributary to Chicago in 1864 was responsible for a sharp decrease in the movement at Chicago. The following figures indicate the extent of this falling off: Receipts were 893,000 and shipments were 327,431 bushels. No. 2 barley advanced from \$1.25 at the beginning of April, 1864, to

\$2.40 about the middle of August, and declined again somewhat irregularly, closing the statistical year below \$1 per bushel.

The Provision Trade

The disaster to the corn crop of 1863 was responsible for smaller receipts of hogs at all the western packing centers, Chicago included. The only compensation for the reduced business was the knowledge that Chicago suffered less than her rivals, and that about one-third of the packing of the West was done in this city, the number reported by the Secretary of the Board of Trade being 760,514. The following are the figures for the year: Receipts, 1,410,320, and shipments, 536,437. Under the influence of the advance in other commodities, live hogs, which were quoted early in April, 1864, at \$5@7.75 per hundred pounds, advanced to \$7.50@9.75, when gold was highest early in July. Extreme prices of the year were not reached, however, until September, when choice hogs sold as high as \$13 per hundred pounds, as they did again in December, 1864, and in February and March, 1865, the scarcity of meat being a more potent influence than the price of gold.

Pork and Beef

Mess pork rose from \$21.50 per barrel in April, 1864, to \$43 early in July. After a moderate decline it again reached \$43 in October, sold at \$40 in December, 1864, and broke to \$22.50 before the close of the statistical year. Lard was almost equally erratic in its movement, advancing from 12 cents per pound for prime lard in April to 19 cents in July, 23½ in September, and at the close of the statistical year was quoted at 16½ cents. Mess beef advanced from \$14.50 at the beginning of April, 1864, to \$22 per barrel in August, and declined again in sympathy with the fall in gold and other commodities to \$15 in October, and at the close of the statistical year, March 31, 1865, was nominally \$12@14 per barrel.

Cattle

The cattle industry was less affected by the failure of the corn crop in 1863 than was the raising of swine, and receipts in Chicago in 1864-5 showed an increase over the previous year. A greater number, too, were packed than in any previous year. Thirteen packing firms and individual packers put up 92,459 cattle, against 70,086 in 1863-4. Cragin & Co., with 16,134 head, continued to lead in this branch of packing, closely followed by A. E. Kent & Co. with 14,394. Culbertson, Blair & Co. and Griffin Bros., each packed a few more than ten thousand head. Receipts and shipments of cattle for the year were 343,726 and 262,446 respectively.

Lumber

Another great increase in the lumber trade is shown by the following receipts and shipments of lumber, which were respectively

in square feet 501,592,406 and 269,496,579. A marked advance took place in the best grades of lumber, while "common" lumber showed little change in price.

Seeds

There was a slight increase in the movement of seeds, and 10,180,781 were received and there were shipped 11,782,656 pounds. Prices of seeds were erratic, the advance in timothy seed culminating in August, while clover seed ruled very high until January, 1865, when it sold at \$14.25 per bushel.

Salt, Coal and Hides

The inward and outward movement of these articles is shown in the following figures: Receipts—Salt, 680,346 barrels; coal, 284,196 tons; hides, 20,052,235 pounds. Shipments—Salt, 483,448 barrels; coal, 16,779 tons; hides, 27,656,926 pounds. Prices of salt and hides followed the general price movement of other commodities; but bituminous coal continued to advance throughout the year, and anthracite coal was about 50 per cent higher in March, 1865, than in April, 1864.

High Wines

During the summer and fall of 1864, the expectation that Congress would increase the tax on high wines caused a great speculation in this article, and distillers and others carried large stocks in anticipation of this legislation. When the bill finally became a law these stocks were put upon the market for sale at lower prices than the cost of goods, paying the increased duty, and, as a result, the manufacture of high wines in the West almost ceased until this surplus was absorbed. The quantity manufactured in Chicago fell from 77,524 barrels in 1863-4 to 58,855 barrels in 1864-5. Receipts and shipments in the same time were as follows: Receipts, 102,032 barrels, and shipments, 138,644.

Freights

As might be expected, lake freights were lowest in July, when the excitement in grain caused a diminished demand for vessel room, 7 cents per bushel for wheat to Buffalo, and 6 cents for corn being the ruling rates at that time. During the autumn 8@9 cents was the prevailing rate for wheat, and 1 cent less for corn. Late in November higher rates were paid. Rail freights to New York, which were 90 cents per hundred pounds in April, 1864, declined to 75 cents in May, and then advanced continuously until December, when \$1.60 was charged, and this extreme figure was maintained until the close of the statistical year, March 31, 1865. Perhaps the high price of coal furnished some excuse for this exorbitant rate.

When the Civil War closed, Chicago was firmly entrenched in the position she had won during that contest as the greatest primary market in the world for bread and meat, two indispensable needs of human existence. Nature had done much to bring about her supremacy; but no human agency contributed so much to the result as the Board of Trade of the city of Chicago.

The system of trading in "futures" first developed on the floor of the Board of Trade, and for a long time ignored, and even frowned upon by the association, has been introduced into other exchanges throughout the world, and revolutionized the methods of business in food product, benefiting consumers and producers alike. If evils have been disclosed at times, as the result of over-development of speculative trading, a similar charge will lie against every human device in business, politics, or social organization. On the whole, great benefit has come to the public from this method of trading in "futures," and for the correction of its incidental evils, no body of men has battled more strenuously than the Board of Trade of the city of Chicago.

1865

While the news of the downfall of the Confederacy caused great rejoicing throughout the North, it had already been discounted in a business way by the far-seeing men of the country, and it had, when finally announced, surprisingly little effect upon values. Gold did not fall greatly, although the week was exciting and the precious metal declined to 1.44. It was in the midst of this month of joy and thanksgiving that the news came of the assassination of President Lincoln. It was almost unbelievable that after all the years of peril and trial and anxiety; after the victory had been won, the red hand of murder should strike down the great man whom Illinois had given to the Nation and to the world.

No man on the Board of Trade had heart for business when the dread tidings came. There was no attempt to buy or sell, for to every man the death of Lincoln came as a personal loss. The news came on Saturday, April 15. All business was suspended, and again, on Monday, the Board met only to join in religious services and to listen to fervid words of patriotism and of grief. The fear of what might next befall the nation was reflected in the sudden rise of gold, the unfailing barometer of the time, to 1.55.

The great President died and the dear body was brought home to Illinois. All along the route thousands upon thousands watched the funeral train on its sad journey, and it was but fitting that at Chicago, the metropolis of his home state, opportunity should be given for the people of the West to pay their homage. Thus it was arranged that the cortege should stop for twenty-four hours in Chicago before the sad journey to Springfield was resumed. The Board of Trade adjourned from Saturday until Wednesday, that

its members might participate in the arrangements and in the ceremonies held in Chicago, of which the "Commercial Express" gives the following brief account:

"The reception of the remains of our lamented President in this city was the occasion of a greater influx of strangers than any public proceeding here before. Competent judges estimate that 50,000 poured into the city over the various railroads during Saturday, Monday and Tuesday. They had but one object: to participate in tributes of respect for the man. No business was done on Monday or Tuesday, beyond providing for necessities. Banks, stores, offices and exchanges were closed. Processions, prayers, preachings, dirges, emblems, addresses, all were various voices of the tide of feeling. The entree of the corpse was signaled to the thousands in waiting by the firing of a gun, and, quickly as the sound reached the court house, the solemn tolling of the bell in its cupola announced the arrival to the city. Thenceforward the continuous toll of the bell was heard until the honored corpse reached the court house."

The members of the Board marched in a body in the great funeral procession, heading the third division, with H. D. Booth as marshal, and Murry Nelson, Redmond Prindiville and J. Edgar Maple as aides. Between 150,000 and 200,000 people viewed the remains during the stay in Chicago. It is a tribute to the confidence which men had in the stability of the Union and the perpetuity of Lincoln's great work, that even the great national calamity of his death did not seriously disarrange business and that, by April 27, gold was going back to the mark it had reached after Lee's surrender.

But the patriotic work of the Board had not ended with the close of the war, with the rejoicing over victory or with the mourning over the death of the martyred Lincoln; there remained in the field the three regiments and the battery for which the Chicago Board of Trade had stood sponsor and which represented not only its money and its energy, but much of its best young blood. All these organizations had acquitted themselves bravely and honorably upon the field of battle, and the Board resolved that they should be welcomed home royally, as befitted heroes. To this end a committee, of which Murry Nelson was chairman, was appointed to arrange for the home comings. The first to return was the 88th regiment, in company with the 89th, a regiment raised by the railroad men of Chicago.

On June 13 both regiments marched to the Chamber of Commerce, where the Board was in session waiting to receive them. Chairman Murry Nelson announced their presence and made a brief but eloquent address of welcome. A wild outburst of applause greeted the appearance of Sergeant John Cheevers, carrying the flag of the 88th, the first flag to fly from the heights of Mission Ridge. For the 89th regiment, Col. Chas. T. Hotchkiss responded,

and there were addresses by Gov. Richard Oglesby and Senator Yates. After the joint reception the regiments separated, each to be entertained and banqueted by the organization under whose auspices it had gone to the front. The 88th was entertained at Metropolitan Hall by the Board of Trade and the 89th at the Soldiers Rest by the railroad men.

Less than ten days later, June 22d, saw the return of the 113th regiment. This regiment did not reach Chicago until 1 p. m.; too late to be received on 'Change, but the committee had prepared an elaborate banquet at Metropolitan Hall, to which place the regiment marched under escort of the reception committee. A most sumptuous feast was served and this was followed by addresses of welcome and responses.

Among the speakers were Murry Nelson, President Charles Randolph, T. Maple, J. C. Dore, Rev. C. H. Fowler, Col. John Hancock and others.

Perhaps the warmest reception was that accorded the Board of Trade battery. The homecoming was a great event for all Chicago. The reception committee met the returning veterans at Michigan City and accompanied them the remainder of their journey. It was three o'clock in the morning when the boys of the battery reached Chicago, but they found the streets lined with thousands of people who had waited the night through for their coming. Cannon boomed, and cheers and shouts greeted them as they swung down the old familiar streets. The formal reception was held on 'Change the following noon. The veterans marched into the great hall, carrying proudly the battle flag, on which were inscribed the names of the engagements in which they had borne a valiant part: "Stone River," "Elk River," "Chickamauga," "Farmington," "Dallas," "Noonday Creek," "Kenesaw Mountain," "Atlanta," "Nashville," "Salem" and "Macon" were the names emblazoned on their flag. Welcoming addresses were made by President Randolph and Col. John L. Hancock, and these were responded to by Capt. George I. Robinson, Lieutenants S. H. Stephens and T. D. Griffin, Sergeants Durand and Adams and Privates Odell and McClellan. On motion of P. L. Underwood, "All the boys who have honorably served in the battery" were elected "as honorary members of the Board of Trade of Chicago." The evening banquet, at Metropolitan Hall, is described as being "lavish, brilliant and sumptuous beyond precedent in affairs of this kind." The last of the Board of Trade regiments to return was the 72nd, which had been the first to take the field in 1862. It reached Chicago on August 12th, and was also accorded a reception on 'Change and a banquet at Bryan Hall, which was on a scale of magnificence equal to that accorded the returning battery. But the Board did not stop with welcoming the living, it also honored the dead. From southern battlefields, wherever possible, the bodies of the

fallen members of the battery were brought back and consigned to their last resting place at Rosehill cemetery.

While answering every call of patriotism, the Board was not neglectful of its own affairs. On April 17th it passed a resolution changing the storage from winter to summer receipts, as follows: "Resolved, That all grain sold after today be subject to 2 cents storage, with receipts at least five days to run, deliverable by 11 a. m. the day following the sale, unless otherwise specified." Another new development of 1865 was the "night exchange" of produce dealers. This met at the Masonic Temple and grain was sold on call the same as gold or stocks. After the calls were over business was transacted promiscuously after the manner of a regular 'Change. No more than five minutes was allowed for each call. Early in the year 1865 the first banking clearing house in Chicago was established. It was an experiment, but it proved satisfactory. Seventeen banks participated and before it had been in operation six weeks the clearances for a single week were nearly \$6,000,000. 7 100

In May the Board passed an important rule concerning margins. This read: "On all time contracts made between members of this association satisfactory margins may be demanded by either party, not to exceed 10% on the value of the article bought or sold on the day such margin is demanded, said margin to be deposited at such place or with such person as may be mutually agreed upon. Such margin may be demanded on or after the date of contract, and from time to time, as may be deemed necessary to fully protect the party calling for same. Should the party called upon for margin, as herein provided, fail to respond within twenty-four hours thereafter, it shall be optional with the party making such call to consider the contract filled at the market value of the article on the day said call is made, and all differences between said market value and the contract price shall be settled the same as though the contract had fully expired."

While it was acknowledged by all thinking men that return to a specie basis was desirable, it was equally certain that any sudden return would so contract values as to cause widespread ruin. It was the problem of government and of financiers to return to normal conditions without too great disturbance of business. This was begun in the following year by the Funding Act, of April 12, 1866, authorizing the retirement of the legal tender notes at the rate of \$4,000,000 per month; but within a few months after the passage of the contraction act, an agitation was under way to prevent any further withdrawal of notes. Secretary McCullough felt compelled, in deference to unmistakable public sentiment, to cease the retirement of legal tenders when only \$44,000,000 had been withdrawn; and on the 4th of February, 1868, Congress suspended further reduction of the currency.

In May, 1865, the Stock Exchange occupied its new rooms, the "Gold Room," on the third floor at 57 Dearborn Street. This was made the occasion for a banquet to which the Board of Trade members were invited. After the regular call of the Board the rules were suspended and then "Grain" was called and the Board of Trade members were allowed to take part. Seats were sold but in the midst of the selling the meeting was broken up by the great news that Jeff Davis had been captured. The routine work of the Exchange was not well established, and there was much indignation among the members when it was found that the storage figures given out by the Board were highly inaccurate. Secretary Beaty was excused from responsibility as he was sick at the time, but the members were greatly aggrieved. With the restoration of order gold continued to fall and the Express of May 10 said: "The further large decline in gold has created a panic in the produce market. Grain sales are large in amount, but at falling prices, but business in flour and provisions has been brought nearly to a standstill." Prices did not contract as rapidly as did gold, however, and this brought about the usual newspaper talk about combinations and manipulations and the high cost of living.

A sign of the improved ideals of the time is found in the action of the stocks yards magnates to suspend business on Sunday. A meeting was held, of which Lee Porter was chairman and Edwin Griffiths secretary. The large concerns were represented as follows: S. W. Allerton, Drovers Union yards; Lee Porter, Michigan Southern yards; George Williams, Sherman yards; E. H. Bogart, Cottage Grove yards; E. Erickson, Pittsburgh and Ft. Wayne yards. The general superintendents of the railways announced, after this meeting, that no stock or freight trains would leave on Sunday thereafter. The Board of Trade was fast being recognized as a great national institution, and distinguished visitors to Chicago were glad to accept its hospitality. On June 9 the victorious General Sherman was the guest on 'Change and his appearance was the signal for business to stop. Again, on June 12th, General U. S. Grant was an honored visitor and the business of buying and selling ceased while the enthusiastic members greeted the greatest general of the war.

In June the Board was shocked by the news of a deliberate and well executed swindle upon many of its leading members. Daggett & Whiteside were South Water street commission merchants and had a good reputation as such and this they used to great advantage. Late in the day they bought large quantities of grain from about twenty operators, giving their checks in payment. They immediately sold the warehouse receipts, securing good checks for them, these they cashed bright and early the next morning and then left for parts unknown. When the checks given by them for the purchase of the grain were presented they were

found to be worthless. It may well be believed that this scandal stirred the Board to its very depths.

Another matter which concerned the members greatly was the action of the government in relation to liquors seized after the discovery of frauds upon the internal revenue. During the war the trade in highwines had become an important feature of the Exchange and spirits held in storage were as much used as collateral as any other commodity. Serious frauds were unearthed and it became apparent that there had been collusion with federal officers, for liquors, duly stamped, were on the market with the revenue unpaid. Large quantities of these liquors were thus seized in the hands of innocent holders who had advanced money on them in the ordinary course of business. So extensive were these frauds that the seizure meant ruin to many reputable business men, and the entire trade in highwines was well-nigh disrupted. The Board of Trade took cognizance of this state of affairs in a resolution, passed June 15, 1865, which was as follows:

"Whereas, This Board is advised that every effort is being made by informers and others in their interest to prevent the release by the Government of the highwines seized in the hands of innocent holders, which bear the Government brand, showing by that official sanction that all duties thereon were paid and upon which banks and other citizens in the ordinary course of business have made advances without knowledge of fraud on the part of distillers; therefore,

"Resolved, That we do respectfully represent that an early decision in reference to the wines seized in the hands of innocent holders is needed by the commercial interests of the West, and it is absolutely essential to save such innocent parties from financial ruin and distress, and we in all earnestness ask that such a decision may at once be made as will protect all those innocent holders from injury or loss who have invested their money, relying upon the faith of the Government and upon its brand and upon the official acts and assurances of its agents, who are alone authorized to act and give information in the premises. And we would further represent that it would seem to this Board that to come to any other or different decision would be for the sake of obtaining a revenue, to visit penalties upon the innocent and bring ruin and disaster to those who, upon the faith and credit of the Government, have advanced their money, and that the Government cannot afford for a revenue to do such monstrous injustice.

"Resolved, That a copy of these resolutions, duly attested, be forwarded to Hon. Hugh McCulloch, Secretary of the Treasury."

The justice of this appeal must have been apparent, for the liquors in question were released and in July a bonded warehouse was established in Chicago. This was located on the premises of the Chicago Dock Co., and was hailed with delight by those interested, for it was said, "Distillers can now send their highwines

to store in bond, and when there is an actual demand for consumption, pay the duties and withdraw them. Thus there will be less fraud, less risk and less capital necessary in the business."

During the spring a call had been issued for a National Commercial Convention at Detroit. This convention was held in July. Hon. Hiram Walbridge was president and one of the vice presidents was Hon. Chas. Walker of Chicago. According to the reports this convention was a near riot on account of the highhanded methods of New York and Canadian delegates, but the Chicago delegates secured something like fairness and the convention came to a peaceful close. Among the subjects discussed were reciprocity and free navigation of Canadian waters. Col. Bowen of Chicago, as chairman of the committee on commerce, recommended the improvement of the Illinois River and the building of the Niagara ship canal, the improvement of the Fox and Wisconsin Rivers, the enlargement of the New York canals, the cheapening of freight rates on canals and an increase of capacity, an improved system of surveys and soundings, better custom and lighthouse provisions, the improvement of western harbors and water and the encouragement of steamship lines carrying to Canada and Europe. Hugh McLennan of Chicago was a member of the Weights and Measures Committee, which recommended uniformity of weights, and J. Y. Scammon was a member of the committee which recommended the establishment of a National Board of Trade. Chicago objected to the rule that a city should have but one vote in the convention, and so ably did it present its arguments that it won its point. (During the year 1865 and succeeding years one of the vexed questions was in connection with the elevator service. It was claimed, and apparently with foundation, that there was carelessness in the handling and preservation of grain, and indefensible methods of inspection. The Express voiced this criticism and Munn & Scott, elevator proprietors, took the criticism personally and filed charges before the directors of the Board against the editor, J. H. Wells, who was a member of the Board. The case was dismissed, however, and the criticism continued. The Tribune of July 24 contained a letter from a country shipper, as follows: "There are certain evils connected with the present grain inspection of Chicago which demand publicity. Being a sufferer by only one, and that the most prominent one, qualifies me to speak intelligently. By the present system of the Board of Trade all spring wheat weighing 58 pounds to the bushel and otherwise in good condition, grades 'Chicago Extra,' and all weighing 55 pounds to the bushel and otherwise in good condition grades 'No. 1.' Advantage is taken of the discretionary power here conferred as to the good or bad condition of the wheat to make capital of." The writer asks that the Board take action looking to relief from these conditions. A letter signed by a number of shippers from Toledo, Iowa, also voiced a similar complaint.

These were among the rumblings of the storm which brought about State inspection and control of warehousemen.

The great event in Board of Trade history for the year 1865 was the opening of the new Chamber of Commerce. This was set for August 30th, and elaborate preparations were made. The Board raised \$25,000 for the expense of the ceremonies. Three hundred invitations were issued to representatives of outside commercial bodies including Eastern cities, the British provinces, Cincinnati, St. Louis, Louisville and other cities of the South and West. The inaugural exercises were carried out with much eclat, but they were the occasion for bitter criticism. A serious mistake was made in the treatment of the press. Western dealers, from whom Chicago secured the bulk of its trade, were neglected for distinguished visitors from the East and the inaugural was the scene of undue hilarity. On the day of the inaugural there was but a brief session of the Board at its old quarters, from 9 to 10:30 a. m., and the remainder of the day was given to the celebration. Whatever may be said of the inaugural the move on the part of the Board of Trade was a wise one. The quarters were adequate and the investment made in the stock of the building proved profitable.

There was a three days' program. The first day, Wednesday, witnessed the formal inaugural ceremonies in the new hall and this was followed by a concert at Crosby's Opera House in the evening. On Thursday there was a lake excursion on the steamer "Planet" and a grand banquet at the Chamber of Commerce in the evening. On Friday the guests, escorted by the committee, viewed the city, saw the great seven story "sky scrapers" and the other sights and the day concluded with a grand ball at the Chamber of Commerce. The columns of the daily press were filled with the details of this grand affair. It was said to be the most prolonged and successful season of festivities ever seen in the West. At the formal exercises the meeting was called to order by President Randolph and the representatives of the various States who were to respond were called to the platform. The ceremonies were opened by prayer, offered by Rev. O. H. Tiffany. The inaugural address was delivered by Mr. Randolph, after which the following gentlemen responded for the various States: Maine, S. T. Anderson, Portland; Massachusetts, J. S. Roper, Boston; Ohio, W. T. Perkins, Cincinnati; New York, D. G. Fort, Oswego; Pennsylvania, J. B. Bankson, Philadelphia; Michigan, G. V. N. Lathrop, Detroit; Canada, Adam Brown, Hamilton; Kentucky, Judge Habbison, Louisville; Missouri, M. Abel, St. Louis; Indiana, E. B. Martindale, Indianapolis; Louisiana, John W. Norris, New Orleans; Tennessee, A. J. Smith, Memphis; New York, A. L. Pease, Troy.

The following is a description of the building, as published at the time: "It is of cut stone (Athens marble) on three sides,

fronting north, east and west, and brick on the south side, fronting Calhoun Place. The facade on Washington street has a frontage of 93 feet and the depth, on La Salle street and Exchange Place is 180 feet. The main entrance on Washington street opens on a corridor on the ground floor, 16 feet in width, running through the building north and south, from which open, on either side, entrances to various offices which occupy the first story. Beneath the ground floor is a high and well ventilated basement, also fitted up for offices, with street entrances on the sides of the building. The facade above the first story is divided into three parts by large quoins projecting boldly from the wall line. The middle space is a circular-topped triple window of plate glass 30 feet high and 12 feet wide, with architraves and an ornamental keystone. The side spaces have each two windows similar in style of ornamentation but of smaller dimensions. There are also side entrances to the building from La Salle street and Exchange Place, which lead to the main corridor and to the stairways of the second story. The whole building is surmounted by a Mansard roof, the extreme height of which is 23 feet above the cornice and 99 feet from the basement floor. The design is not strictly in accord with any known style of architecture, the esthetic element in art being kept in subservience to the practical uses for which the building was planned, and restricted by the economic limitations to the cost of the proposed structure.

"It is, however, with one exception, the most pretentious and substantial edifice in the city, and although severely plain in its outward adornments, is symmetrical in its proportions, massive in style, and an ornament to the growing city. The quarters of the Board of Trade are in the second story, which is reached by two iron stairways, 5 feet wide at the north end and another, seven feet wide, at the south end of the building. The hall is 143 feet long, 87 feet wide and 45 feet from floor to ceiling. The President's seat is in the center of a dais at the north end of the hall, and across the south end is a gallery or balcony from which spectators look down upon the throng below and from which the Secretary is wont to proclaim the markets and to make his other official announcements. The hall is well lighted by ten windows on either side and five at the north end. The walls and ceiling are adorned with frescoes in designs illustrative of the various departments of industry, agriculture, manufacture, commerce, etc. The edifice is heated by steam and at evening sessions illuminated by ten large reflectors from the ceiling. The total cost of the building, including the lot, is not far from \$490,000." The rental paid by the Board was \$20,000 and the receipts from other offices in the building nearly \$30,000 per annum. The new Exchange hall was occupied by the Board of Trade for the transaction of business on the 5th of September, 1865.

On the evening of October 13, 1865, a special meeting of the Board of Trade was held for the purpose of adopting a new system of General Rules and By-Laws. After President Randolph had called the meeting to order the following preamble, setting forth the purposes for which the organization was formed, was read: "Having a desire to advance the commercial character and promote the manufacturing interests of Chicago and wishing to inculcate just and equitable principles in trade, establish and maintain uniformity in the commercial usages of the city, acquire, preserve and disseminate valuable business information, and with the view to avoid and adjust as far as practicable the controversies and misunderstandings which are apt to arise between individuals engaged in trade when they have no acknowledged rules to guide them, we, the members of the Board of Trade of the City of Chicago, by virtue of the power vested in us by the preceding charter, do hereby agree to be governed by the following rules and by-laws." The rules were then taken up and discussed one by one. Dealing in futures was recognized under Rule IX which provided for the putting up of margins on time contracts. Under Rule X, which dealt with failure to deliver upon contracts and under Rule XI, which defined rights of parties on time contracts. These rules, which were duly accepted, ran as follows:

"Rule IX. On all time contracts made between members of the Association satisfactory margins may be demanded by either party not to exceed ten (10) per cent on the value of the property bought or sold on the day such margin is demanded, said margin to be deposited with the Treasurer of the Association unless otherwise agreed upon. Said margin may be demanded on or after the day of contract and from time to time as may be deemed necessary to fully protect the party calling for same. Should the party called upon for margin, as herein provided for, fail to respond within the next three banking hours, it shall thereupon be optional with the party making such call, by giving notice to the delinquent, to consider the contract filled at the market price of the article, at the time of giving such notice; and all differences between said market value and the contract price shall be settled the same as though the time of said contract had fully expired.

"Rule X. 'Failure to Deliver on Contracts.' In case any property contracted for future delivery is not delivered on the day of maturity of such contract, the value of such property shall be determined by the average market price of the next business day.

"Rule XI. 'Rights of Parties on Time Contracts.' On time contracts made between members of the Association where grain is bought at buyer's option, the time of delivery shall be as follows: When the call is made by the buyer before twelve o'clock M., the property shall be due and deliverable before 4 o'clock p. m. the same day. When the call is made after 12 o'clock M., the property shall be due and deliverable before 11 o'clock a. m. the next day. Or the buyer may specify any particular future day during the term

of the option upon which the property shall be due and deliverable. On contracts for grain at seller's option the seller may deliver the property at any time during the option between the hours of 9 a. m. and 3 p. m., but failing to find the purchaser on call to deliver, notice shall be left at his place of business, and the buyer shall be entitled to call for the property within the next two business hours."

What are known as "puts" and "calls" were discountenanced by the closing paragraph of Rule XI, which ran as follows: "Privileges bought or sold to deliver or call for grain or other property by members of the Association shall not be recognized as a business transaction by the Directors or Committee of Arbitration." Dealing in these privileges, however, though not recognized, does not appear to have been forbidden. In formally adopting the principle of trading in "futures," the Association had taken a new stand. In acting thus it did the right thing, for a square issue was involved, and such issues should be faced and not evaded. For at least ten years, as has been shown, a large business in futures had been transacted by members of the Board of Trade, and during the war this business had grown to immense proportions, at times establishing values of grain and provisions throughout the civilized world. But until the adoption of these rules defining the rights of parties under contracts for future delivery, the Board had no adequate machinery for the adjustment of the disputes which were constantly arising.

That Chicago was not purely selfish and that it was awake to the fact that whatever developed any part of the West was to its advantage is shown by the active interest taken in the project to improve the harbor at Michigan City. To promote this a convention was called at Michigan City and the Board of Trade was represented by an able committee. It was also very natural that the members of the Board of Trade should take a deep interest in the laying of the Atlantic cable, for it meant very much to them in bringing the news of foreign markets. The attempt to lay the cable was made in August of this year, but in mid-ocean the cable parted and it was not until 1866 that the cable was completed and the first message was celebrated by the firing of guns both at Chicago and New York. At first, however, there were difficulties on the American side and it required three days for a message to be received from London. Even this was a great boon to the Board of Trade and in a short time after the cable was laid telegraphic communication was established to Hearts Content and the three days were cut to three hours.

In November the Board had a conflict with the elevator men. It was announced that the elevators would charge 30 cents per bushel to April 15 on all grain stored before Nov. 1st, much of which they claimed was out of condition. At a conference between a committee of the Board of Trade and the elevator men the latter

at first proposed to defer action until Dec. 1st, but later refused this concession and declined further conference with the committee. A special meeting of the Board was held on Saturday evening, November 11th, to consider the issue raised by the warehousemen, at which the whole matter was referred to the directors. The elevator men finally agreed to defer the extra storage charge until December 1st, providing grain was removed before that time; but their arbitrary action increased the resentment felt by many members of the Board of Trade, and furnished a strong argument in favor of state control of inspection and warehousing of grain.

As a sidelight on the affairs of the Board at this period nothing, perhaps, could be more illuminating than the following resolution passed by the Board in July, 1865: "Resolved, That we hereby express our unqualified disapprobation of the practices indulged in by certain members of the Board while assembled on 'Change, of scuffling, pushing, and throwing grain, flour, and other articles about the room and on persons engaged in the transaction of business, and that in future such transactions in the hall, while the Board is in session, shall be deemed sufficient cause for summary suspension from the privileges of the Board of Trade."

After the terrific decline in the early part of the year caused by the deflation in the price of gold, the wheat market showed no unusual features. Times were good, money was comparatively easy, the radius of Chicago's trade territory was increasing with each month as the tentacles of ties and rails were extended over the prairies and the plains, with the mountains and the far Pacific for their goal. In May it was reported that the high water had released much grain which had been held back on the Upper Mississippi River on account of the low water of preceding years. This depressed prices temporarily, but by the end of the month the market was buoyant as freight rates had been reduced and reports of the growing crops were less favorable. This rising market continued into June, but the advance was short lived, and prices soon declined from 15 to 20 cents per bushel. In the latter part of July two weeks of rain caused an excited advance of about 30 cents per bushel, one-half of which was lost in three or four days when the skies cleared and the rain ceased. There was something approaching a "corner" in September. On Friday, the 15th, the price of wheat was forced up to \$1.54@1.55 and by the following Wednesday it had receded to \$1.41@1.42. In October the trade was informed by warehousemen that oats, rye and barley in store were heating badly on account of unfavorable weather conditions. There was much indignation expressed that no efforts were made to save this grain and there was talk of the necessity for state supervision, as already stated.

There was one notable death during the year, that of John H. Kinzie, who died June 19 on the cars near Pittsburgh. He was

one of the pioneers of Chicago, having been brought to this place by his parents in 1804, when he was about a year old.

An idea of the volume of business in 1865 is drawn from the figures published in the Express. It was said that commission houses did an annual business of from \$50,000 to \$500,000, while some few did a business of from \$600,000 to \$1,000,000. Wholesalers did a business of from \$200,000 to \$2,000,000, packers from \$1,000,000 to \$2,000,000, manufacturers from \$50,000 to \$500,000, and the Farwell Company was credited with a business of \$5,464,000. The census of 1865 gave the population of the city as 178,900 and there were 106 churches, 18 public schools, 7 select schools, 48 newspapers and periodicals and 13 national banks. In July, 1865, the Commercial Express published a list of the incomes of Chicago's wealthiest men, as follows: William B. Ogden, railroad king, \$388,455; S. M. Nickerson, the distiller, \$275,643; C. H. McCormick, the reaper man, \$191,000; J. V. Farwell, dry goods, \$154,000; U. H. Crosby, owner opera house, \$194,000; E. W. Blatchford, lead works, \$108,000. Some half dozen others report incomes of nearly \$100,000, but the majority of those termed successful business men are returned at from \$15,000 to \$50,000.

It was in the year 1865 that railroad connections were established with the Lake Superior region, the Northwestern Railway pushing its line through to Marquette. Thus was added another rich field to Chicago's trade territory. The time for freight shipments to Marquette was 46 hours, by rail, and there was a weekly line of propellers in the following year.

Another highly important accomplishment of the year 1865 was the institution of the Union Stock Yards. Prior to this time there had been various yards scattered about the city, making the expense of handling great, causing much inconvenience to shippers and limiting the market. Among these were the old "Bull's Head" market, Madison and Ogden, established in 1848; the Michigan Southern yards, corner State and Twenty-second streets, established as early as 1854 and enlarged in 1857; the Myrick "Lake Shore" or "Sherman" yards, on Cottage Grove avenue, established by John B. Sherman in 1856; the Fort Wayne yards, corner of Stewart avenue and Mitchell street, and the C. F. Loomis & Co. yards on Cottage Grove avenue. Later the C., B. & Q. Railway, together with J. C. Dore and others, opened yards some two miles west of the city, but this project proved a failure and only accentuated the fact that a union yard was necessary. The company was organized in 1864 with a capital of \$1,000,000, all but \$75,000 of which was subscribed by the leading railroads coming into Chicago. A charter was granted February 13, 1865, and the organization completed. T. B. Blackstone was the first president, F. H. Winston secretary and Robert Nolton assistant secretary. The

incorporators, many of whom were prominent on the Board of Trade, were John L. Hancock, R. M. Hough, V. A. Turpin, S. A. Kent, Lyman Blair, C. M. Culbertson, G. W. Cass, M. L. Sykes Jr., J. F. Joy, J. F. Tracy, T. B. Blackstone, J. H. Moore, J. S. Barry, H. E. Sargent, B. C. Cook, J. B. Drake, W. D. Judson, David Kreigh and J. B. Sherman. Three hundred and twenty acres were bought in the town of Lake, on Halsted street, of Hon. John Wentworth, for the sum of \$100,000. The land was a marsh, by many considered impossible of drainage, but this was accomplished, and the yards were opened in December, 1865. About one hundred acres were used for pens, and these had board floors. There were fifteen hundred open pens, and eight hundred covered pens, but these were increased in number and extent as the business of Chicago grew. These union yards were a success from the start and proved of great value to the Chicago market. All the railroads ran switches to the yards, and, during 1866, a complete system of waterworks was installed, and artesian wells were sunk to obtain pure water for the stock. The first of these wells was 1,030 feet deep, and the average depth of those which have been bored subsequently is more than 1,300 feet.

Tables giving prices at semi-monthly periods of flour, wheat, corn and oats for the years 1865-1871, inclusive, are given together, for comparison, on a later page, but a brief market review of the year 1865 is given herewith. An idea of the market range will be gleaned from the following figures. On January 4 No. 1 spring wheat was \$1.74, and this was the highest point reached during the year. By the close of January it had gone down to \$1.44; there was a temporary rally during the early part of February which was lost before the 1st of March. A further decline followed, and, on March 29, it was held at \$1.14. The price dipped to 98 cents on April 3, when Richmond was taken, but rallied to \$1.21 by the end of the month. Another low mark was reached in July when, on the 5th, it touched \$1.00½. The price rose throughout the latter part of July, reached \$1.44 in August, and culminated, September 15, when, through the influence of a corner, it rose to \$1.55. By the 19th of September the price had broken to \$1.37, and this decline lasted until, after another advance to \$1.53½, October 31, \$1.16 was reached on the 8th of December. The last day of the year No. 1 spring wheat closed at \$1.30.

Corn had an erratic course. It began the year at 80@82 cents for "rejected" corn, the first quotation for No. 2 corn being 88 cents January 5. It fell slowly until April 3, when "rejected" corn reached 50 cents, and No. 1 corn sold at 57 cents. A sharp rally carried it up to 72 cents by April 26, but it sagged again, touching 49 cents on May 17 for No. 1 corn. At the close of May it had gone up a few cents, remaining under 60c until July. The price ranged from 53@75 cents in July and was as high as 73 cents in August. In

October there was another fall to 43 cents and the close of the year found it under 50 cents.

Oats likewise started high, at 67½ cents for No. 1, but on April 3 it touched 34½ cents on receipt of the news that Richmond had been captured. Fifty-eight cents reached in June was the highest point thereafter, and with but gradual fluctuations it closed the year at 26 cents, showing a decline of more than 50 per cent during the year.

Rye was \$1.12 for No. 1 on January 4, declined to \$1 before the end of the month, and fell rapidly in March. By the 25th of April it had rallied to 81 cents, but this was followed by a sudden drop, and, on May 13, it touched 52 cents. It reached 62½ cents May 22, 69 cents July 18, and in August advanced to 91 cents on the 28th. Before the end of September it was under 70 cents, but it lost strength and sold as low as 45 cents early in December and the year closed at 55 cents.

Barley was high but almost too dull to quote at the opening of the year. January 25 the price was \$1.30 for No. 2, and remained above \$1 till March; reached 80 cents in April, and by May 19 was down to 50 cents. A high price of \$1.15 was registered July 28, but on the 18th of August it was down to 75 cents. In September its course was erratic, but in October it reached 40 cents, and this was also the quotation on December 28.

At the beginning of the year 1865 live hogs were \$10@12.50, and there was little change until the latter part of March, when a decline began which was not checked until the low point for the year was reached about the first of June at \$6.50@8.25. It was not until July that choice hogs again reached \$9 but from that time on the price rose gradually, reaching \$12@13.25 about the first of October. There was a sharp break the latter part of November, and prices for the remainder of 1865 ranged from \$8.50@9 to \$9@9.90. The total receipts and shipments of hogs for the year 1865-6, according to the annual report of the Secretary of the Board of Trade, compared with the previous years, were as follows:

	Receipts	Shipments
1864-5.....	1,410,320	536,437
1865-6.....	1,178,832	663,566

The number of hogs packed was 507,355 against 760,514 the previous year.

Receipts and shipments of the leading cereals for the statistical year April 1, 1865, to March 31, 1866, according to the Secretary's report, were as follows:

	Receipts	Shipments
Wheat .....bushels	9,242,108	8,098,968
Corn “	26,100,319	25,228,526

		Receipts	Shipments
Oats	"	10,393,936	10,598,061
Rye	"	1,169,180	1,022,200
Barley	"	1,667,868	645,089

Concerning the provision market for 1865, the Secretary stated, in his report: "Notwithstanding the adverse circumstances which have prevailed to depress the markets, the provision trade of Chicago during the past year has been moderately active. On the one hand operators have had to contend with the heavy decline in gold, which rendered the markets irregular and unsatisfactory, and, on the other hand they had a heavy falling off in the hog crop, which caused a great firmness in the price of hogs without corresponding strength in the market for product. Under these circumstances our provision dealers and packers operated cautiously, and the trade of the past year, as compared with former seasons, shows a falling off; but it is satisfactory to note that Chicago still holds pre-eminence as the greatest provision mart of the West, and of the United States. Happily our provision trade is not confined to one branch, but embraces the beef and pork packing and the extensive traffic in beeves and hogs with the Eastern states. The latter, during the past two or three years, has become enormous, as a proof of which it is only necessary to state that since the date of our last yearly review the great Union Stock Yards have been constructed and established, embracing about 300 acres of land, with yards and pens fitted up to accommodate 10,000 head of beef cattle and 100,000 hogs. The capital expended in this enterprise alone amounts to \$1,400,000. For many years past Chicago has had the largest cattle market in the United States, and now it can boast of having the best appointed, most extensive and most comfortable yards in the world."

The receipts and shipments of cattle for 1865-66, compared with 1864-65, were as follows: Receipts, 348,928; shipments, 310,444. In 1864-65 receipts were 343,726 and shipments 262,446. The Secretary, in his report, states: Shipments during the last year show a much larger increase than the receipts. This is to be accounted for by the fact that during the summer and fall of 1865 immense herds of beef cattle were driven into Chicago on foot across the prairies for the purpose of saving the high rates of freight charged by the railroads.

Lake transportation for 1865 opened late in April. The opening rate on corn, per bushel, to Buffalo was 11 cents. Before the end of May it had declined to 4@4½ cents. During the midsummer months the rate was from 4½ to 8½ cents. All rail and lake and rail freights showed much variation during the year. The cost of transporting a barrel of flour to New York by rail was as follows: April, \$1.90; May, \$1.40; June, \$1.30; July, \$1@80c; August, 90c to \$1; Sept., \$1.25 to \$1.40; Oct., \$1.45 to \$1.60; Nov., \$1.80 to \$2.20; Dec., \$2.45. By lake and rail the rates on flour to

New York were: April, \$1.60; May, \$1.30 to 80c; June, 80c to 70c; July, 75c to 85c; Aug., 85c to 80c; Sept., 85c to \$1.25; Oct., \$1.35 to \$1.65; Nov., \$1.85 to \$2.

The packing season which closed in March, 1866, showed a large decrease in the number of hogs packed. This decrease extended throughout the country, but the increase in average weight reduced the shortage in product to about 18 per cent as compared with the previous season. The following statistics copied in the Express of March 28, 1866, from the Cincinnati Price Current show the wide diffusion of packing interests and that, although Chicago was growing as a packing center, the industry was not yet concentrated at a few points as in later years. The figures follow:

	Total Hogs Packed	
	1864-5	1865-6
✓ 57 cities in Ohio	507,136	459,390
4 cities in Kentucky	118,267	92,719
45 cities in Illinois	1,001,426	622,047
55 cities in Indiana	260,401	168,550
20 cities in Iowa	176,807	76,011
3 cities in Wisconsin	121,128	99,547
13 cities in Missouri	266,454	165,210
Total	2,451,619	1,683,474
Deficiency, 768,145		

Of these Cincinnati packed 350,600 in 1864-5 and 354,079 in 1865-6, and Chicago packed 760,514 in 1864-5 and 507,355 in 1865-6, as before stated. Having once established its predominance as a packing center, Chicago has never been surpassed in this respect by any other city.

CHAPTER VI

From the Close of the War to the Great Fire in 1871

1866

FOLLOWING the usual closeness of the money market at the end of the year, money became easy early in 1866. During the post-bellum years, 10% was the prevailing interest rate and it often mounted much higher. There were frequent times of stringency when money could only be obtained from curb brokers at $1\frac{1}{2}$, 2 and sometimes 3% a month. Gold, January 25, 1866, was quoted at $139\frac{1}{2}$ and other quotations, showing the range, were, March 24, $125\frac{1}{2}$; June 5, $146\frac{1}{2}$; June 18, 168; and December 31, $133\frac{1}{4}$. The Board election campaign for the year 1866 was a matter of great interest to the members. There was opposition to the re-election of Charles Randolph as president and much criticism of his administration. T. Maple was urged as a candidate and, upon his refusal, John C. Dore was brought out as the anti-administration candidate. Just prior to the election Randolph withdrew and the administration vote went to R. McChesney, with the result that Mr. Dore was elected. (The Commercial Express, while a reliable market paper, was partisan both as to general politics and as to the politics of the Board of Trade. It had a grievance against President Randolph for his action relative to charges brought against the Express by Munn and Scott and its pre-election utterances, which were bitter, must be taken with due allowance.

The last act of the old board of directors was to increase the rates for inspection. The new rates were as follows: Inspection into store, one car, 25 cents; inspection on board vessels, per 1,000 bushels, 50 cents; from canal, per boat load, \$1.25; from store into car, per car, 50 cents. These increases caused much dissatisfaction and were bitterly attacked by the newspapers of the city, the Times, Journal and Republican strongly opposing them. The financial report also showed a deficit, although the preceding year the dues had been raised from \$10 to \$25. That the amount of the deficit, \$4,406.48, so nearly corresponded with the deficit for the inaugural ceremonies, \$4,241.45, was also a matter for criticism. The result of the election, held April 2, 1866, was as follows: President, John C. Dore; First Vice-President, P. L. Underwood; Second Vice-President, E. W. Densmore; Directors, Henry Botsford, J. H. Dole, H. A. Towner, T. H. Seymour and J. W. Pottle. A committee of twenty-one, to be called the Commercial Committee, and to have charge of matters of general interest for the welfare of

the city, was authorized at the Board meeting and the following were later appointed: S. Clement, P. W. Gates, J. H. Bowen, H. G. Powers, Geo. Armour, John M. Douglass, T. M. Avery, John L. Hancock, Wm. Blair, W. F. Coolbaugh, W. M. Egan, S. Cleary, R. McChesney, Chas. Randolph, H. W. King, W. E. Doggett, Henry Fuller, S. M. Nickerson, L. B. Sidway, J. S. Rumsey and W. D. Houghtelling.

The Board reaffirmed its determination not to recognize "privileges" as business transactions.

The Directors' annual report, signed by Charles Randolph, President, under date of April 2, 1866, shows the financial condition of the Board, the contract under which the new quarters were leased, and the activities of the Board during the preceding year. The report reads: "The expenses of the past year have been unusually large, mainly on account of the items incident to the opening and occupation of our new hall and offices, and the items paid on account of our Regiments and Battery and the Directors regret the necessity of showing a balance on the wrong side of their accounts; but, inasmuch as it is not expected similar calls will be made upon the Board for the ensuing year, they have concluded not to advance the price of the annual assessment but have fixed it at twenty-five dollars, the same as last year, and express the hope that unless there should be a very considerable falling off in the membership, the income of the Board for the coming year will be sufficient to meet the expenses and pay off the indebtedness. In accordance with a resolution of the full board, passed on the 26th of February, 1864, the Directors appointed a committee to confer with a like committee of the Chamber of Commerce to appraise the rental of that portion of the building to be occupied by us. That resolution provided that this Board should pay an annual rental for one hundred years, based upon an equitable assessment of the whole building, that will secure to the Chamber of Commerce a net revenue of ten per cent on the entire cost of the property. From facts developed to the committee, the cost of the entire building and ground was not less than \$400,000 (later figures show it to have been over \$425,000). And assuming that nearly one-half of the rental value of the building, including halls of entrance and exit, was occupied by the Board, they voted to assess the annual rental for the Board of Trade at \$20,000, the Chamber of Commerce to pay all taxes and insurance, the Board to keep in repair such portions of the building as were occupied by it, the cost of heating the building to be apportioned among the various parts heated. The report of the Committee was duly ratified by the directors and a lease executed in accordance with its action. The membership of the Board during the past year has been 1401, 61 less than last year, which, considering the advance in the annual assessment from ten to twenty-five dollars, may be

considered a very small falling off, and less than was expected. During the past year the Board has had the pleasure of welcoming home the soldiers sent to the defense of our country under their auspices; and later they fulfilled their promise by causing to be brought home, and properly interred, the remains of the fallen of our noble battery. And now that peace is restored, and these brave men have honorably and fully discharged the duties of the camp and field, this Board may well look back with pride on the efforts they have made in organizing and, so far as they could, sustaining these patriots, who, taking our name, have manfully and faithfully upheld the cause of our country in its hour of darkness and peril. The removal of the Board during the past year from their old to their present quarters has proved a most desirable change.

* * * The opening of the hall in August last was made the occasion of inviting large delegations to visit us from all parts of this country and Canada, where commercial organizations were known to exist, whose business was to any considerable extent connected with us. * * * During the past year an entire revision of the rules and by-laws of the Board has been effected and some important changes made. The report added that no changes had been made during the preceding year in the system of grain inspection beyond the employment of inspectors inside the warehouses whose duty it will be "to see that all grain was stored and delivered as inspected, without any adulteration or mixtures of grades." The increased expense of these additional inspectors was placed at fully \$12,000. In order to meet this outlay the Board voted to increase the rate for inspecting twenty-five per cent, which would yield a further \$8,000 upon the basis of the preceding year's receipts for inspection. As this closer inspection would benefit the price of grain, it seemed to the Directors but right that the grain should pay the cost. Analyzing the financial report the following appears, cents omitted; Principal items of receipts: from assessments, \$30,265; from grain inspection, \$32,516. Total receipts, \$74,129. The disbursements were \$76,035.86, including \$9,503.21 expended for receptions tendered the returning regiments and for the burial of the soldier dead.

At an adjourned meeting held April 9 the new President, J. C. Dore, delivered his inaugural and announced that the Secretary and other appointees would be retained. The question of the raise in inspection charges was taken up and it was moved, but not carried, that inspection be let by contract. At a later meeting the Board went on record in favor of appropriations for the building of a railroad from Lake Superior to Puget Sound, and urged the passage of the Northern Pacific bill. While the earlier months of 1866 were quiet ones, the year was destined to be memorable for the Board of Trade. Early in April the failure of B. H. Badger, through gold speculation, caused a market flurry and this was

followed by sensational disclosures as to forged warehouse receipts. These were of large proportions and involved severe losses to many traders. Wilson, one of the perpetrators, fled to Canada, but was lured over the line and arrested in Detroit. The first sensational jump in the market came in April when wheat went up 10@18 cents in a week. It mounted steadily until \$1.81 was reached on the 9th of May, when it began to decline and touched \$1.55 on the 17th. Just prior to this London went through the greatest financial panic it had known since 1825. Peto & Betts and Overender, Gurney & Co., were among the victims, the latter failing with immense liabilities. This London crash sent gold up and other prices soared with it.

This was an era of the greatest bank swindling this country has ever known. There seemed to be a veritable wave of embezzlement. While some of these crimes were committed in Chicago, this city suffered less than the other great business centers. Wheat advanced 25 cents in the week of May 2-9, but had begun to decline when war between Prussia and Austria arrested the declining tendency. Gold mounted ten points and cereals responded with increased values. The high price brought much grain to market. The week ending June 9 was a record breaker, the grain receipts exceeding 3,000,000 bushels, of which nearly 2,000,000 bushels were corn. In June there was intense excitement in gold in New York and the precious metal went from \$1.40 to nearly \$1.70 within a few days, carrying all other prices with it but losing most of the advance in two days. In July there was a "corner" in No. 1 spring wheat and the price went to \$1.91. News of great Prussian victories, which meant a speedy ending of the war, forced prices down again. Wheat was quoted, June 7, at \$1.66½, and rose irregularly through the month. By July 9th it had reached the high point, \$1.91, and on the 12th it fell to \$1.65, and to \$1.43 by the 17th. This corner created much adverse newspaper criticism and many charges and countercharges among the members of the Board. It was charged that the warehousemen aided the corner by false representations concerning the amount and quality of grain in store and by fraudulent receipts. It was urged that the Secretary register all receipts, giving number of car, etc. In August it was claimed that there had been no report of grain in store for two months and for this the elevator men were blamed. Wheat reached \$1.95 on August 24, and the Express, speaking of the market in the early part of September, says: "The fluctuations in wheat have rarely been exceeded. Prices up 10 and down 5; up 15 and down 25, up 10 and tending upward, are short phrases for telling the story. Large amounts have been made and lost on 'Change from day to day." No. 1 spring wheat soon passed the \$2 mark and on Nov. 7 the quotations were \$2.23; Dec. 31st wheat was \$2.15½.

A heavy frost September 21st gave the corn market a great im-

petus and in six weeks it advanced 20 cents. This was the start of a corner in corn and by the first week in November, when the corner broke, the price reached \$1.10. By the 15th of November it had receded 20 cents. Corn was destined to remain at a high level for a long time, however, and in 1869 it was almost at par with wheat. Again, after this corner, legislation for the control of elevators was urged. December found all the markets dull, with gold going down and prices falling, but at the close of the year there was a rally and the report for Dec. 31st was as follows: "Grain firmer, except oats. No. 1 spring wheat, \$2.15½; No. 2 oats, 41½ cents; No. 1 corn, 74@75 cents; live hogs, \$5.85@6.30; cattle too few to establish a market." The government crop report, published in October, gave the corn crop as large, wheat not so good, yield about 143,000,000 bushels; oats excellent crop of extraordinary quality, the yield being 271,912,695 bushels.

There were numerous incidents of interest to Board members during the year outside of the routine of business and the excitement of the market. That prominent members were interested in the welfare of the city and in philanthropic projects is shown by the announcement of the gift of a site, valued at \$25,000, by John V. Farwell for a Y. M. C. A. building, the first in the city, and the statement that J. Y. Scammon would open his home for the reception of contributions for the National Fair to be held at Washington for the benefit of the soldiers' orphans home. In July occurred the great fire at Portland, with a loss of \$10,000,000. Little thinking that Chicago would be the scene of the greatest fire but filled with a desire to be of help to their unfortunate brothers, the Board of Trade was active in relief work and generous in contributions. President J. C. Dore was a member of the general committee having this relief work in charge.

In August J. W. Pottle resigned as director and a close election followed, although the vote was small. D. A. Jones received 151, H. C. Ranney 178, and eight scattering, whereupon Mr. Ranney was declared elected.

It has been before noted that during the war the Board became angered at the disunion sentiments of the Chicago Times and denied that paper the privileges of the Exchange. This action was never forgiven by the Times and it was particularly sharp in its criticisms of the Board. It was during this year that the great contest as to reconstruction was being waged, and events transpired which led to the impeachment of President Johnson. While this feeling was at its height the President came to Chicago to deliver an address at the laying of the corner stone of a monument to Senator Stephen A. Douglas. It was at first planned to tender the President a reception in the rooms of the Board of Trade. So intense was the feeling, however, that there were rumors that many members objected and that, if the program was carried out, it was their

intention to heckle him and to embarrass him if possible. Whether this would have been done or not cannot be told, but there was enough credence given the rumor so that the program was changed and the reception was held at the Sherman House. On September 6th the Board adjourned and took official part in the corner-stone exercises and it is not recorded that the President met with any indignity during his Chicago stay. In October came the report of the great famine in India, which naturally had an effect on the market, although the Suez canal was not yet in operation and India had not become a factor in the world's wheat market.

The increasing business of the stock yards is shown by the fact that for the first time a secretary was employed to issue reports of the live stock market, and that it was found necessary and profitable to increase the transportation facilities between the yards and the city. A street car line was established in November. There were two dummy engines making the trip every twenty-four minutes, and the time from Lake street to the yards was 38 minutes. Chicago congratulated itself that this transportation problem was solved. Later in the same month the live stock dealers had a serious misunderstanding with the daily press of the city, it being charged that reports as printed were inaccurate and misleading. For some time the newspapers were denied access to the reports of purchases and sales and the papers contained but a bare outline of current prices. This was found to be poor business for both sides and a compromise was soon effected.

According to the census taken by the school agent, the figures of which were published Oct. 24, 1866, the population of Chicago was 200,418. Of these 2,409 were colored and 90,026 were under 12 years of age.

Transportation facilities were constantly being extended, but there was no railroad line to Omaha. In October the Northwestern reported that there was a gap of but sixty miles and this was being rapidly closed. Travel was invited to Des Moines via this route, as it could thus be reached by the shortest stage route, but thirty-five miles. The Rock Island also reported progress and stated that it would have a wire into Des Moines within thirty days. It was hoped soon to be able to reach Omaha in twenty-four hours. During this year mention was made of South American cattle being shipped to England in considerable numbers.

Among trade items of interest was the announcement, in April, that the "Montgomery," Captain Gillis, was the first vessel to arrive through the straits that year, and that it had earned the same distinction in 1865, making the passage April 18. In May there was a considerable controversy when it was alleged that certain members were cutting commissions.

Covering the Board year, from April 1, 1866, to March 31, 1867, the President in his report said, in part, as follows: "The

year opened inauspiciously but proved one of more than ordinary prosperity. Every branch of industry has been amply rewarded. The business of the Board of Trade keeps pace with the rapid development of the country. The iron arms of commerce are continually extending in every direction from Chicago as a common center, and yet they are scarcely adequate to the demand for transportation. The prospective business of the Board is limited only by the future development of the Northwest." Speaking of the provision trade the Secretary said: "The provision trade during the past season has been dragging for most articles of hog products, bulk meats excepted. The season opened with a declining market for hogs, which was naturally followed by a falling market for the product until near the close, when the decreased receipts of hogs gave a firmer tone and prices partially recuperated. The business in mess pork and lard has not been a satisfactory one, but the movement in bulk meats was quite active, and it was universally observed, both in this and other markets, that the consumptive demand for sides and shoulders was never better. Our city still retains its pre-eminence as the greatest packing point in the world and the largest provision market in the United States."

Wheat

The movement of wheat for the fiscal year 1866-67 was practically 25 per cent larger, both in and out, than for the year preceding. In spite of some violent declines, the general tendency of the market was upward. The price, January 2, 1866, was \$1.30½ @1.31. There was a slight period of depression in January and February, the price falling to \$1.16, and \$1.56½ was the highest point reached by the latter part of April. On May 1 the market was easier, but between the 2nd of May and the 9th wheat advanced fully 25 cents a bushel on the poor outlook for the growing crop, reaching \$1.81. After selling at \$1.91 in July, and \$1.35 in August, and \$1.92 later that month, the \$2 mark was passed in September, and a new high point established at \$2.23. The high point of the year was reached in November, at \$2.26, and the year closed at \$2.15 for No. 1 spring. In common with all other commodities, however, the price was largely influenced by the price of gold, and, on a species basis, wheat was not so high as it appeared.

Corn

The receipts and shipments of corn for the fiscal year 1866-7 were the largest Chicago had ever known, exceeding those of 1865-6 by about 30 per cent, and being two and one-half times larger than those of 1864-5. The crop of 1865 was a large one and of good quality, and the heavy receipts from that crop had a depressing effect on the price until October, when it became apparent that the new crop was not promising, on account of early frosts. Starting at 45 cents on January 2, 1866, the price of No. 1 corn declined

to 37 cents in February and then started on the upgrade, ranging in the 40's during July and the early part of April, and reaching 55¾ the latter part of May and 62 cents in July. It fell back again to 50 cents the first of September. During October the price ranged from 62 to 99 cents, and, in November, owing to speculation the price touched \$1.07½. Much of this speculative value was lost, but the price did not fall below 73½ cents during the remainder of the year, and the closing quotation December 31 was 74½ cents.

Oats—While the receipts of oats were nearly 300,000 bushels more than in 1865-6, the shipments were more than 1,000,000 less, and the prices sank lower than for any year from 1865 to 1868, and could not have been remunerative to producers, especially when compared with the high price of wheat. The war had made a great demand for oats for forage, and as this demand ceased with the restoration of peace, oats were a drug on the market. Beginning the year, January 2, 1866, at 25@25¾ cents, the price sagged to 22 cents in February, and it was not until April that it reached 31 cents. From that time until the last of September, the market did not vary more than 5 cents in either direction; but in October they advanced to 52 cents, declined again to 34½ cents in November, and after another sharp movement closed the year at 41@42 cents.

Rye—The receipts and shipments of rye were the largest Chicago had known up to this time, exceeding those of 1865-6 by about 500,000 bushels. The market was erratic and the following statement of prices best shows the state of the market: January 2, 1886, No. 1 rye was quoted 55 cents; February 1, 50 cents; March 1, 50 cents; from April, 1866, to December 31, 1866, the quotation for No. 1 rye for the first week in each month was as follows: for the week ending April 7, 50 cents; May 5, 63@64 cents; June 2, 69 cents; July 7, 72 cents; August 4, 55 cents; September 8, 62½@65 cents; October 6, 79 cents; November 3, \$1.05@1.06½; December 1, 85 cents, and December 31, at the close of the year, 92 cents.

Barley—As with rye, the receipts and shipments of 1866-7 were the largest Chicago had ever known, and not only this but the prices were fairly remunerative. The crop of 1865 was exhausted early in the year, and, according to the official report of the Secretary, there were practically no quotations on the old crop. The new crop began coming in the latter part of August, and the price paid for No. 2 barley was 68@76 cents. Prices for the remainder of the year were as follows: For the week ending September 8, 53 cents; October 6, 70@73 cents; November 3, 75@77 cents; December 1, 59@60 cents; and in the closing week of the year, 60@65 cents.

In September the I. & M. Canal was closed early for the purpose of making improvements, and in November there was a break in the Erie Canal. This came just before the end of the season when cargoes were being rushed before the close of navigation.

The rejoicing over the success of the cable was rather premature and it was not until the latter part of 1866 that foreign markets of the day before were regularly received. In October a change was made in commissions on purchases from samples of parcels out of warehouses, and the price was fixed at one cent for oats and two cents for other cereals per bushel.

1867

The year 1867 found the country in a state of business and political unrest. Money was tight. Business became depressed. It was the day of anti-railroad conventions and agitations in the rural districts. It was the time when the President and the Congress were deadlocked, and above all, in the business world, it was when the currency problem was growing more acute every day. It was recognized that a healthy state of business could not be maintained with a currency which fluctuated in value from day to day, but how and when, if at all, to get to a specie basis was the question which deserved and received the best and most anxious thought of business men. Then, as later, there were currency expansionists, who believed in fiat currency and that cheap money meant higher prices and greater ease in the payment of indebtedness. There were those, too, who had no patience with this theory and who believed in the resumption of specie payments and that "the way to resume was to resume." Both classes were represented in the Board of Trade, but the majority, while for sound currency, was conservative and did not wish such hasty action as would bring panic and sudden disarrangement of prices. On December 29, 1866, the Board of Trade met for the purpose of discussing the great question, and as a result of much deliberation the following resolution was passed:

"Resolved, That a more rapid contraction of the currency than is now provided by law would be very detrimental, if not ruinous, to the country." Commenting on this action the "Express" said:

"The vote in favor, as near as could be judged from *vive voce*, was two-thirds in a not very full attendance, but probably it was a fair expression of the sentiment of the full board. The adoption of the resolution was a rebuff to the inflationists on the one hand and the rapid contractionists on the other. The former had introduced a resolution 'that a rapid contraction would be detrimental,' etc., which, of course, was intended to oppose any contraction at all; the extreme contractionists put forth a resolution approving McCulloch's policy for an early return to specie payments, meaning, of course, the earliest possible return. The fact is patent that the majority of business men feel convinced that financial affairs are working about right; the gold premium comes down gradually, but surely, and if a crash shall supervene it will be the fault of those who have believed that the inflationists would carry the day, and who, therefore, have not prepared for a healthy contraction."

In the light of subsequent events it is easy to see that a more rapid return to specie would have been better, but it required the lesson of "Black Friday" to impress it upon the people and to prepare the way. The resolution as passed by the Board of Trade undoubtedly represented the best business judgment of the country at the time.

Of minor importance was the adoption of the "cental" system. This was not the metric system, but was simply the adoption of the English system of basing transactions upon the hundred pounds, rather than upon the bushel. In the fall of 1866 the Boards of Trade of Buffalo, Detroit and Albany passed resolutions to adopt this standard at a future date, and in January, 1867, Chicago fell in line and resolved to adopt the cental system on and after March 1. As the date approached the trade papers published elaborate tables showing just how many bushels there were to a hundred pounds of wheat, corn, oats, etc. The "Express" went so far as to give market quotations in both systems. But it was of no avail. The grain started from the farm in bushels and it stayed that way, in spite of all the good resolutions of Boards of Trade. Although the resolution was adopted practically unanimously, there was no real attempt to use the new system on March 1, or on any other date. On March 27 the Board, seeing the folly of having a rule which was not, and seemingly could not be enforced, passed a resolution rescinding the former action. The resolution said: "Whereas, The adoption of the cental system in the purchase and sale of grain appears to be impracticable and is generally unpopular; therefore, Resolved, That this Board adhere to its past and present custom of buying and selling grain by the bushel and hereby rescinds all prior action to the contrary." The fate of the cental system was the same at Buffalo, Oswego, Toledo and all the other cities where it was adopted, but never really tried.

Of far greater and more immediate importance to the Board of Trade of Chicago than either the currency question or the cental system was the warehouse legislation, the first of its kind, passed by the Legislature of Illinois. It has been seen that in preceding years there were many charges of unfairness, discrimination and positive fraud in connection with the elevating and warehouse business. This agitation, while carried on by the daily press and by outraged producers, was not confined to them, but was joined in by many members of the Board of Trade. It became evident, early in 1867, that some legislation was inevitable. Samples showing misgrading were exhibited on the floor of the Exchange and created much comment. The "Express" of Jan. 23 quoted from the Chicago "Tribune" as follows:

* * * "Facts, charges, surmises and suspicions show that, as at present conducted, the grain trade of the Northwest is demoralized. It abounds in abuses which vex and defraud every honest

dealer, and inflict great harm upon our city. We think the question is a proper one for our Legislature to consider, and we are in favor of legislative enactments whereby these evils shall be mitigated if not entirely removed. First, let the Legislature pass a law compelling all railroads to give a specific receipt for the number of pounds of grain shipped in bulk. This will determine where the leakage is if there be any. Second, compel the railroads to deliver grain at any warehouse specified by the shippers, if there be a railroad track to it, whether the same belong to it or any other railroad. This will break down the monopoly which now exists, and open up the elevator business to competition. Third, adopt a uniform grade of inspection throughout the State making weight one of the essentials and taking for a basis the grades adopted by our Board of Trade, which may be vested with discretionary power to change the same, when the nature or condition of the crop demands it. Fourth, require the railroad agents who receipt for the grain on the cars to specify the grade in the receipt. If legislation can reach the evils complained of this is the way to do it, and no honest man can object to such a law."

On the 22d of January the Directors of the Board of Trade held a meeting and, without taking the Board as a whole into their confidence, sent ex-President Charles Randolph to Springfield with a bill already prepared for passage, and which he was to urge before the Legislature. When this action and the nature of the proposed bill became known to the members they informally expressed their dissent. This was confirmed at a formal meeting at which the President presided. Resolutions were discussed and adopted and a committee was appointed to go to Springfield to oppose the action of the Directors. The Board demanded uniformity of inspection, accurate weighing, faithful care, honest delivery, and the "Express" charged Randolph with being favorable to the warehousemen. Concerning this action of the Board the "Express" of Jan. 23, 1867, had this to say:

"The bill now before the Legislature concerning the warehousing of grain excites a good deal of discussion on 'Change and among business men generally; it was to have been considered at a special meeting of the Board of Trade next Saturday morning, but the Board would not delay so long and one of their number mounted a table and read the following, which was passed unanimously, though of course informally, amid exciting cheers, showing the feeling of the Board:

"Whereas, This Board has learned with pleasure that efforts are being made at Springfield to secure the passage of laws to remedy the evils which exist in the system of grain warehouses in this city, and that a bill for this purpose has already been introduced into the State Legislature by one of our representatives, and we understand that other bills will also be presented, and,

"Whereas, We believe that there are serious abuses exerting a very depressing influence upon the grain trade and through it

upon the general trade of the city and should be remedied; therefore be it

“Resolved, That any action which may be taken by the State Legislature towards placing the grain warehouses of this city under wholesome legal restrictions will meet with the unqualified approbation and the cordial sympathy and support of the Board.

“Resolved, That copies of this resolution be sent to the Legislature and that Cook County representatives be asked to act to secure the passage of a law which will give to the people ample protection from the abuses which have become so oppressive in connection with the warehouse system.”

Messrs. Randolph and McChesney were the champions of the so-called elevator bill and Mr. Eastman was the author of the bill backed by the Board of Trade as a whole. The State now had the spectacle of the Board divided against itself, the Directors represented by Randolph and the members represented by Eastman and by a committee of 100, which was appointed to go to Springfield to fight for the bill. The “Express,” commenting upon this action said, naively: “It seems to be conceded that money is necessary to direct legislation,” showing plainly how different conditions were in 1867 to what they are today. The Eastman bill was passed containing many of the features wished by the Board of Trade, but owing to the difference of opinion among themselves, and to the popular prejudice which has always existed against the middleman of any kind, there was a “joker” added, which was not in the original bill, and which was not at all to the liking of the Board. This provision made it a criminal offense to deal in futures, and imposed fines, one-half of which were to go to the informer. At a special meeting held in October, 1865, the Board had passed rules recognizing dealing in “futures” as a legitimate form of trading. This kind of trading had long been a feature of the grain market, which, indeed, could not well be conducted without it. While pleased with the provisions of the warehouse bill proper, the members of the Board were highly incensed at this provision, which made criminals of them if they continued to engage in business activities which they believed, and which the courts afterwards decided, were perfectly legitimate and necessary to the proper conduct of trade. Acting upon the advice of attorneys they resolved to ignore this provision of the law, to proceed with their business in a normal and legitimate way, and, if molested, to depend upon the courts for justice. It was generally believed by the Board that this provision was inserted through the influence of the warehouse men in retaliation for the action of the Board in exposing the evils of the warehouse system and for insistence upon the passage of a regulatory law. The Board had not hesitated to expose the scandals in connection with the warehousing of grain, the preference shown by the railroads for certain warehouses, which laid them

open to the charge of acting in collusion with the preferred elevators; the manner in which grain had been handled and mixed in an arbitrary way and the many other injustices imposed upon shippers and dealers. Failing to defeat the bill, it was charged that the interests involved had caused these objectionable sections to be added in order to make the whole bill odious and to revenge themselves upon the Board. The provisions of the warehouse part of the law were good. It was made unlawful for any railroad to deliver grain into any warehouse other than that into which it was consigned, without consent of the owner or consignor thereof. The warehousemen were divided into two classes, called "public warehousemen" and "private warehousemen" respectively. Section 3 provided that: "Every private warehouseman shall keep the grain of every person that may be stored with such warehouseman entirely separate and distinct from the grain or property of a like nature, kind or quality of any other person or persons," etc.' And the succeeding section prohibits the private warehousemen to mix the grain of different owners on penalty.

Section 6 provides that it shall be lawful for public warehousemen to store grain in bulk and mix the grain of like kind and grade of different owners; and the succeeding section provides the safeguard that "No public warehouseman, in such places where lawfully authorized inspectors of grain shall be appointed, shall receive any grain for storage until it was so inspected and graded." Provision is made for mixing, drying and cleaning grain upon owners' request; but grain so treated was not to be mixed with other grain which, on being received into store, was inspected at a higher or better grade, nor was it, after being dried and cleaned and placed in special bin, to be delivered upon any receipt of any such warehouseman calling for the delivery of any grain by grade, same upon receipt calling for the same grade given such grain upon inspection into store. The exceptional position of the Chicago Board of Trade was recognized perfunctorily, in section 9, as follows: "All persons keeping public warehouses in the city of Chicago shall file with the Board of Trade of said city, on Tuesday of each week, a statement, showing the amount of each kind of grain in store in such warehouses up to the Saturday night preceding such statement." So far as the warehouses and railroads were concerned, the Legislature had done no more than the Board had constantly urged, and, to the limits of their power, enforced, but the sting of the measure was in its tail. The objectionable features of the act were contained in sections 17, 18, 19 and 20.

Section 17 provided that: "All contracts for the sale of grain for future delivery, except in cases where the seller is the owner or agent of the owner of such grain at the time of making the contract and in actual possession thereof, are hereby declared void and gambling contracts, and all money paid in settlement of differences

on any such contracts may be recovered back in the same manner as other money lost in gambling."

Section 18 provided that: "All parties to any such gambling contract shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined one thousand dollars and imprisoned not exceeding one year in the county jail, and one-half of said fine shall go to the informer, who is hereby declared to be a competent witness on the trial of parties indicted under this act."

Section 19 reads: "Any person who shall loan grain or warehouse receipts thereof to any other person, to be used for delivery on short contracts or for purposes of speculation merely, shall be deemed guilty of a misdemeanor and subject to the punishment provided in the preceding section; and in such cases the informer shall receive one-half the fine and be a competent witness as aforesaid."

Section 20 is as follows: "In penal proceedings, under the last two preceding sections, no warehouse receipt shall be received in evidence of ownership or possession of grain by the defendant at the time of making such contract; and, in all cases, proof on the part of the prosecution of a contract made by the defendant for the sale of grain for future delivery shall be *prima facie* evidence that such contract was a gambling one and void."

These sections were vindictive in intent and unconstitutional in matter and form, as lawyers generally were aware when the measure passed. The Board was advised by Messrs. Arrington & Dent, eminent counsels, to that effect; and decided to continue trading in "futures," as heretofore provided under their rules and regulations. The outcome was not very long deferred. Daniel A. Goodrich, then a member of the law firm of Goodrich & Moulton, secured the issue of warrants for a number of the most prominent grain shippers, dealers and brokers in the city. These warrants (part of them at least) were served during 'Change hours August 10, 1867.

A constable appeared on the floor of the chamber with warrants for the arrest of nine members on the charge of gambling. Having some difficulty in locating the members wanted, it was suggested by B. P. Hutchinson, who was one of those to be arrested, that the deputy call the roll of those for whom he had warrants, and that they would respond as their names were called. This was done, and seven of the nine, the others being absent, stepped out as their names were called, amidst the applause of the members. Those arrested at this time were Charles B. Pope, B. P. Hutchinson, John J. Richards, Wm. J. Scheik, Howard Priestly, A. Eichhold and Don Carlo Scranton. The members in a body escorted the prisoners to hacks which had been called in the emergency, and they were driven off, while the members cheered. Upon learning by whom the charges were filed Mr. Goodrich was subjected to a severe tongue-lashing. A preliminary hearing was held and the mem-

bers signed each others' bonds and were released, the case going over to the Recorder's Court. The seven returned to 'Change and were received with an ovation.

E. K. Bruce, C. B. Goodyear, Geo. J. Brine and Geo. M. How were arrested later in the day and haled before the justice. They furnished bonds for their appearance and Geo. J. Brine insisted that Mr. Goodrich also furnish bonds for his appearance as a witness. His bond was placed at \$3,000. These cases never came to trial, as the complainant was unable to furnish the required bonds, and no one else cared to prosecute. The law was later decided to be constitutional, but it was unenforced by common consent, and at the next session of the Legislature the obnoxious provisions were repealed.

August 14, after the arrest of the members and while the case was pending, a special meeting of the Board was called to take action in regard to the affair. Resolutions offered by Mr. Randolph were adopted after discussion and some amendment. These resolutions declared that the members could see no wrong in and could recognize no moral difference between transactions on 'Change and other transactions where property was delivered at the time of sale; and that the Board would, in the future, as in the past, stamp with its disapproval and condemnation any and all acts of its members not in accordance with the recognized principles of commercial integrity. The Directors were requested to procure counsel to defend members charged with the violation of the law.

Some years before the gentlemen in Springfield passed their Warehouse Act of 1867, Congress had undertaken to declare that all contracts for the future delivery of gold, by other than one having actual possession at the time of the contract, were void, and gambling contracts, and parties so selling were, upon conviction, liable to fine and imprisonment. The law was almost identical with the offensive sections of the warehouse act above cited. The result of congressional action was that it drove from the gold room all but actual possessors of gold, thus a monopoly was established, and the premium on gold advanced 100 per cent.

When the matter of dealing in "futures," that is to say, buying and selling commodities for future delivery, was taken before the court, the position taken by the Board was vindicated on all points. The opinion of the Supreme Court of the United States in the case of the Board of Trade vs. Christie (198 U. S., p. 236), delivered by Mr. Justice Holmes, was in part as follows:

"When the Chicago Board of Trade was incorporated, we cannot doubt that it was expected to afford a market for future as well as present sales, with the necessary incidents of such a market, and while the State of Illinois allows that charter to stand, we cannot believe that the pits merely as places where future sales are made are forbidden by the law. Of course, in a modern market, contracts

are not confined to sales for immediate delivery. People will endeavor to forecast the future and to make agreements according to their prophecy. Speculation of this kind by competent men is the self-adjustment of society to the probable. Its value is well known as a means of avoiding or mitigating catastrophes, equalizing prices and providing for periods of want. It is true that the success of the strong induces imitation by the weak, and that incompetent persons bring themselves to ruin by undertaking to speculate in their turn. But legislatures and courts generally have recognized that the natural evolutions of a complex society are to be touched only with a very cautious hand, and that such coarse attempts at a remedy for the waste incidental to every social function as a simple prohibition and laws to stop its being are harmful and vain."

The American and English Encyclopedia of Law, volume XIV, second edition, page 614, says: "Though it has been said by high authority that all contracts of insurance are in essence wagering contracts, yet the view accepted and supported by the overwhelming weight of authority is that contracts of insurance are gambling or wagering contracts, only when the person insured is without an 'insurable interest' in the subject-matter of the policy."

The annual election created much interest, owing to the division of sentiment as to the warehouse law. Candidates brought forward in March for the Presidency were W. M. Egan, R. McChesney and N. K. Fairbank. At the election, held April 1, 1867, W. M. Egan was an easy victor. The new officers were as follows: President, W. M. Egan; First Vice-President, Lyman Blair; Second Vice-President, C. B. Goodyear; Secretary, John F. Beaty; Treasurer, Geo. F. Rumsey. Directors, term expiring 1868: J. H. Dole, H. A. Towner, H. Botsford, T. H. Seymour, H. C. Ranney. Directors, term expiring 1869: W. E. Richardson, W. H. Lunt, S. H. McCrea, G. M. How and George Field. Commercial Committee: J. C. Dow, H. C. Ranney, Charles Randolph, R. McChesney, W. D. Hough-teling, W. T. Coolbaugh, J. L. Hancock, J. M. Douglass, P. W. Gates, S. Clement, W. E. Doggett, Nathan Mears, J. V. Farwell, W. R. Gould, R. Prindiville, Ira Y. Munn, Wm. Blair, S. Clary, T. B. Sidway, N. K. Fairbank, P. Wadsworth and S. M. Nickerson. On the Monday following the election there was a Board meeting, at which the minor officers were announced as well as the committee assignments. Ex-President Dore delivered an address in which he urged the Board to give its support to measures of public utility, and President Egan in his inaugural pledged himself to devote his energies to the extension of the usefulness of the Board and to harmonious action.

On April 12, 1867, a special meeting was held to consider the report of a committee on the provisions of the warehouse law. As a result of this meeting the following resolution was adopted:

"Resolved, That hereafter all sales of grain in store by grade shall be considered filled by the specified grade in any warehouse receiving by railroad or canal (unless special warehouse is designated at the sale), and that at all such deliveries all buyers shall be entitled to at least three days, without extra storage on receipts."

The annual report for the year ending March 31, 1867, showed the Board in much better financial position. The debt had not been entirely wiped out, but it had been largely reduced. The financial report showed as follows: Receipts, \$97,060.55, of which more than \$55,000 was derived from grain inspection and over \$31,000 from annual assessments. The chief items of expense were \$43,687.02 for inspection service and \$30,570 for current expenses. More than \$9,000 had been paid on the deficit of the previous year.

After deducting \$366.81 (the cash in the hands of the Secretary and therefore an asset) from \$2,195.80, the amount due, to the Treasurer, there still remained a net deficit of \$1,829.05 to carry over into the next year. After a careful review of the situation, the directors advised against any immediate change in rates of inspection and proceeded: "The membership of the Board in 1864 was 1,462; in 1865 it was 1,401; the last year it was 1,259. It is not surprising that the membership of the association should have diminished during the last two years, considering the increase of the annual assessment. Last year the annual assessment was based on a supposed membership of 1,200, though proved to be 1,259. This year, in view of the probability that the rates of inspection will not pay the expenses of inspection until after the harvest, the directors have deemed it advisable to fix the annual assessment at thirty-five dollars. The current expenses of the year have not been materially increased by extraordinary expenses, and, unless some unforeseen emergency shall arise, the Board may reasonably hope that the annual assessment, after the present year, will rather be diminished than increased."

The packing statistics of the West for the season 1866-7, as announced in the Cincinnati "Price Current" of March 27, showed that Chicago had maintained its pre-eminence as a packing center. According to this report the pack was as follows: 56 cities in Ohio, 636,982; 45 cities in Illinois, 831,442; 50 cities in Indiana, 299,204; 17 cities in Iowa, 115,241; 3 cities in Wisconsin, 135,060; 15 cities in Missouri, 233,230; 3 cities in Kentucky, 174,085; total, 2,425,244.

Of these Chicago packed 639,332; Cincinnati, 462,610; Louisville, 157,071; St. Louis, 176,800, and Milwaukee, 133,370. This table shows a total of 189 cities where packing was a considerable interest.

In May, elevator "A," of Armour, Dole & Co., was burned, and the elevator capacity was not so large but that this was a distinct handicap to the trade. A statement made in the "Express" of May

22nd tells that 59 business concerns in Chicago did a business exceeding a million dollars during the year preceding. Of these 59 firms, 31 were produce commission houses and seven were packers. The largest concerns were given, as follows: Field, Palmer & Leiter, \$9,220,967; Farwell & Co., \$6,948,328; Munn, Norton & Scott, \$3,335,468.

It was in this year that Alaska was purchased from Russia for \$15,000,000. While no official endorsement was given of the purchase by the Board, it met with the hearty approval of the members.

By this time all the world had taken note of Chicago and its rapid growth and importance as a commercial center. The western States have always been loyal to Chicago, proud of its growth, glorying in its triumphs and justly claiming a share in its marvellous successes, but it must not be supposed that other cities looked with magnanimity upon the ever growing trade territory of Chicago. St. Louis, particularly, cast envious eyes upon the great trunk lines radiating from Chicago and making Illinois, Iowa, Minnesota, and finally Nebraska, the Dakotas and all the territory west of the Rocky Mountains tributary to this city. In June, 1867, St. Louis people awoke to the fact that their trade was slipping from them. They complained that there were six trunk lines through Iowa, all leading to Chicago, and not one to St. Louis. To remedy this a line was proposed to run north and south, cutting these trunk lines and diverting business to St. Louis. This line was built at a latter date, but at no time did it seriously conflict with Chicago trade. St. Louis also complained that Chicago "drummers" were to be found infesting every town and hamlet of the West. A notable victory was won by Chicago during this year, a victory which gave it a world-wide reputation, for at the Paris Exposition Chicago packing products were awarded the first prizes, making almost a clean sweep in that department in competition with all other packing centers of America and Europe.

Prices in 1867 improved slightly at the opening of the year, notwithstanding the usual January tightness of the money market. Instead of getting better, however, conditions grew worse and the "Express" of January 16th said that the business of the city was at low ebb, that lower prices were looked for and that merchants were not stocking up. Towards the end of the month gold went up suddenly and briefly, bringing a temporary raise in prices, but money was scarce and only to be obtained at 2 and 2½ per cent a month. This, obviously, put a damper on speculation. The clearing house of the Chicago banks reported the clearings for the week of January 30th as two million dollars below that of the week preceding and there was a period of business depression, and it was said that times would not look up until there was action as to the tariff and as to internal revenue. In May it was reported that there were many idle ships, although the rate to Buffalo, on wheat,

was but 4 to 4½ cents per bushel. Large ships were unable to obtain cargoes and it was thought that too many boats were being built. Owing to scarcity, high prices prevailed in the grain and produce markets, but business was dull owing to the poverty of the people. In June there was a sensational fall in prices; wheat and the other cereals were all affected. There were several failures, notable among which was that of Wm. R. Stone. No. 2 corn fell to 76 cents and wheat, which had long been above \$2, reached \$1.60 on June 19th, but as the stock was nearly exhausted, No. 2 spring wheat advanced again to \$2 June 28th and fell to \$1.70 July 1st. There were wild fluctuations during July, as the stock was so small that it was easily manipulated. July 12th No. 2 spring wheat for August delivery sold at \$1.50, although spot wheat did not sell below \$1.55 during August, but the first week in September it was about \$1.65. During the first week in October it reached \$1.98, with No. 1 spring wheat at \$2.02 and No. 3 at \$1.90. No. 2 spring wheat declined again to \$1.80 October 23rd and to \$1.68 November 12th, but recovered and was quoted at \$1.90 on December 30th. In spite of the gradual retirement of the greenbacks, the currency was expanding. From June 10, 1865, to April 1, 1867, national bank currency increased \$161,094,119, while legal tender notes were retired to the amount of \$155,920,592, leaving a net gain of \$5,173,527. This may have had some effect upon the markets, for, by July, money was quoted as "easy." Corn was the object of great speculation. May 1st it was held at \$1.09@1.10 for No. 1, and by June 11th it had fallen to 78½. A grand conspiracy was charged. It was said that operators in Liverpool, New York and Chicago had combined, first to raise prices and then to depress them.

The following gives a general idea of the course of the markets according to the report of the Secretary of the Board covering the period from April 1, 1867, to March 31, 1868.

Wheat—The crop was not so large as expected, but the quality was excellent. Large quantities were shipped to Ohio, Indiana and Pennsylvania, where it was said the wheat crop was gradually dying out. The first week in April, 1867, No. 1 spring wheat sold at \$2.57@2.90 and No. 2 at \$2.20@2.43½. A high point was reached in May, when No. 2 sold at \$2.85, one of the highest points ever reached in the American wheat market. The price ranged as high as \$2 for No. 1 spring until the end of July, falling with the coming in of the new crop and reaching the low point of the year the last of August, when No. 2 sold for \$1.55. The two dollar mark for No. 2 spring was again reached the first of January, 1868, and the price remained slightly over that figure most of the time until the last of March, the fiscal year closing at \$1.90@1.95 for No. 2.

Corn—The decrease in the amount of corn was startling, receipts being more than eight million bushels less than in the preceding year. The falling off was attributed to the partial crop

failure of 1866 in consequence of early frosts and heavy rains in the fall of that year. Neither was the crop of 1867 as large as expected owing to spring floods which washed out much of the seed already planted. The later months of 1867 were more favorable, frosts were late and the quality of the corn was excellent. In April, 1867, No. 1 corn was quoted $94\frac{1}{2}@1.05$ and No. 2 at $85@95$. No. 2 exceeded \$1 in price the first of May and then dropped, reaching $79@81\frac{1}{2}$ about July 20th. It reached \$1 again about September 7th and remained at or above this point until the new crop began to come in in November, after which it steadily declined, reaching a low point of $77\frac{1}{2}@79$ in February and closing the fiscal year at $83\frac{3}{4}$. New corn was first quoted November 23 at $78@84\frac{1}{2}$ and showed little variation up to April, 1868, ending the year at $81@84$.

Oats—The increase in the movement of oats was in marked contrast to that of corn, showing a gain of almost two million bushels over the preceding year in receipts, and three-quarters of a million in shipments. The crop was not only large but of excellent quality. The price in the week ending April 6, 1867, was $48@57$ for No. 2, and this increased steadily until May 29, when the high point of the year was reached at 90 cents as the result of a corner. But this was but temporary and the quotation of the week ending June 8th was $55@70$. The price lowered, reaching 40 cents the last of August. The crop of 1867 was of such good quality that there was no quotable difference between No. 1 and No. 2 for the remainder of the year. The price reached 60 cents in November and until March 31, 1868, fluctuated between 52 and $62\frac{1}{4}$, the latter price being quoted in the middle of January. The Board's fiscal year closed with the price 57 cents.

Rye—The quality of the rye crop was excellent, but the quantity was deficient. The high price of wheat caused rye to be in demand for milling and when the crop shortage became known there was a sharp upturn in price. The receipts were nearly 500,000 bushels less than in the preceding year. The price of No. 1 rye the first week in April, 1867, was $\$1.30@1.48$. During April and May it rose to $\$1.57$. In June there was a sharp decline to 95 cents, but there was a steady recovery to $\$1.06$ before the end of the month. It touched $\$1.25$ in July, $\$1.35$ in October, and the price rose from $\$1.33@1.36$ in the week ending November 30th to $\$1.58$, during the week ending December 14th. There was little variation until March, when it touched $\$1.67$, closing the fiscal year under a reaction at $\$1.55@1.60$.

Barley—The cultivation of this cereal was encouraged by the high prices of the preceding year and the acreage was large. In the East the crop was comparatively a failure, but the West, aided by favorable weather, produced a large crop of bright barley of excellent quality. Prices throughout the year were remunerative

and the movement was large both in and out. A few cargoes of Canadian barley were imported for the manufacture of pale ale, but consumption was largely confined to the domestic crop. There was an increase in receipts of nearly 500,000 bushels over 1866-7, and in shipments of more than 350,000 bushels. There was little No. 1 barley on the market and most of the crop was graded No. 2 and rejected. In April, 1867, the price of No. 2 barley was 88 cents @ \$1.09, and it remained above one dollar until about the 1st of May. The last of the old crop sold in July at 55@60 cents, and the new crop opened in August at 72@90 cents. It soon exceeded \$1 in value and ranged up to \$1.23½ in October. There was some decline from these figures, but about the middle of November there was a sudden rise, quotations for the last week of the month being as high as \$1.50. From this time the price constantly advanced, reaching \$2 before the close of January, and increasing with each quotation until, the last of March, 1868, it reached \$2.55.

Receipts and shipments of wheat, corn, oats, rye and barley for the fiscal year ending March 31, 1868, as reported by the Secretary of the Board of Trade:

	Receipts	Shipments
Wheat, bushels	13,483,261	10,050,451
Corn, bushels	25,223,468	21,880,682
Oats, bushels	12,659,645	10,309,063
Rye, bushels	1,276,614	1,130,782
Barley, bushels	2,300,178	1,755,583

Provisions—The high price of corn discouraged feeding and while the number of hogs slaughtered was 160,000 more than in the preceding year, the weight did not increase in proportion, as many hogs were marketed in poor condition. For the first time in Chicago's history the number of hogs shipped exceeded one million, the number being 1,033,118, and at the same time the number packed increased to 796,225, being the largest pack since the season of 1863-4. Early in the year the crop shortage became apparent and the product became subject to a brisk speculative demand which sent prices up. The receipts for the year were 1,833,373, including both live and dressed. Live hogs opened in April at \$6.75@7.50, but remained below that point from then until December 14. The price again remained nearly stationary at this figure until February, during which month the top price was constantly above \$8. In March the \$9 point was reached and the high price of the year was recorded in the week ending March 14, at \$10 for choice hogs. The year closed at \$7@9.50, according to quality. Mess pork was relatively high, but comparatively steady all through the year. The low price was reached in November at \$19.25@19.50, and the highest price was the last of February at \$23.50@24. The year opened in April at \$22.50@22.75 and closed March, 1868, at \$23.50@24.

Cattle—While the receipts and shipments showed a decided decrease as compared with the preceding year, the beef packing business increased by more than 8,000 head. The receipts were 313,797 and the shipments 203,564. The number packed was 35,346. Cragin & Co. were the largest packers of beef, killing 8,510 head. A. E. Kent & Co. and Culbertson, Blair & Co. each packed over 7,000 head. Early in April, 1867, the price of beef cattle was \$5.25@8, and the price advanced until June 1st, when it reached \$6.50@10.10. The price remained relatively high during most of June, but in July it fell to \$3.75@7.25, and the best cattle did not reach \$8 again until the middle of January, 1868, after which there was a steady gain and the year closed at \$4.50@9.50.

Transportation—Railroad freight rates were low in April, 1867, being 50 cents per hundred on grain to New York; after June 1st, however, they ranged from 70 to 85 cents per hundred for the remainder of the year. Lake rates on corn to Buffalo ranged from 7½ cents in April to 2½ cents in August and 10 cents in December. Propeller rates on corn to Buffalo showed a wide range. In April the rate was 8 cents, in June 2½ cents, in July 4@4½ cents, in August 2½ cents to 10 cents, falling to 6½ cents in September and reaching the high level the second week in November at 13 cents, the last quotations being 8 cents.

1868

With New Year's Day of 1868 came the usual flood of good resolutions and high hopes. Markets were high and business was good, but there were many grave questions before the people and the business world sought to help solve them. The Boston Board of Trade called a convention to be held on February 5, to which representatives from all similar bodies were invited. The Chicago Board of Trade sent delegates, and the subjects to be discussed were currency, transportation, the depressed condition of ocean commerce, uniform measurement of grain and a national chamber of commerce.

Nothing tells better the story of Chicago's growth than the following, which appeared in the Chicago "Republican" in January, 1868:

"When the Chamber of Commerce was built in 1865 it was the work of a few men to defend the scheme against the timid convictions of others, that the structure would be too large and utterly a failure as an investment. It was to be placed where it would require twenty years to build up a business neighborhood about it. Today the great hall is often overcrowded at 'Change hours with its regular frequenters; the stock of the building association is a solid and profitable one, and the costly structures of LaSalle street, present and projected, set the question of a business neighborhood sufficiently at rest."

Among the Chicago men to hold places on important committees at the Boston convention were: I. Y. Munn, "order of business;" J. P. Lawrence, "weights and measures;" John C. Dore, "transportation;" B. F. Culver, "foreign commerce;" Mr. Law, "national chamber of commerce;" R. McChesney, "currency and finance;" E. W. Blatchford, "agricultural and manufacturing interests;" Murry Nelson, "taxation." At the Boston banquet E. W. Blatchford responded to the toast, "The Cities of the Great West." This convention was wide in its scope and had great influence as the voice of the prominent business men of the country. In its resolutions it declared as follows: That it is the duty of the nation to develop its resources and thus increase the basis for taxation; that the increase in transportation facilities between the seaboard, the Mississippi and the Pacific, insures the perpetuity of the Union; that Congress should aid in the building of a ship canal, for ships of 1,000 tons, from the lakes to the Mississippi; that it should improve inland rivers; that it should push the Union Pacific and other central lines; that measures should be taken for greater safety for travel, both by rail and on ships; that Congress should regulate the construction of railroad bridges, improve tidewater facilities, build the Niagara canal as a commercial necessity and use economy, appropriating only for works begun. The Committee on Finance and Taxation recommended 7 per cent as the legal rate of interest and urged that written contracts be legalized to be made payable in gold or coin. These reports were printed and widely circulated, and the Chicago delegates returning announced themselves as much pleased with the convention.

An event of interest to many Board members in January, 1868, was the burning of "Farwell Hall," the \$200,000 Y. M. C. A. building. This aroused people to the danger of fire and the inflammable nature of the buildings of that day, and the Board was reminded that but a short time previously the Chamber of Commerce building would have met the same fate through a fire which started from the defective hot air furnace had the Board not been in session and promptly resolved itself into an amateur fire company and extinguished the flames.

There was something of a sensation on 'Change when, in January, Henry Milward, the statistician of the packing interests, challenged the accuracy of the figures given out, officially, by the Board of Trade. Speaking of the statement of shipments of provisions from Nov. 1, 1867, to Jan. 18, 1868, he declared the figures were "outrageously incorrect." Later he made public, figures showing the supremacy of Chicago over its old-time packing rival, Cincinnati.

Chicago took first place in the season of 1861-2, and has held it since that time. During the period quoted, Chicago's packing business had increased sixteen fold, while the business of Cincin-

nati had decreased. At this time St. Louis stood third in the packing business, Milwaukee fourth and Louisville fifth.

But it was not in the packing business alone that Chicago was gaining; it was in general business also. A statement was published showing the volume of business in various cities of the central west. The figures were: Chicago, \$342,172,708; St. Louis, \$213,034,958; Buffalo, \$81,301,015; Pittsburgh, \$80,409,595; Detroit, \$62,757,209; Cleveland, \$55,142,882. These figures covered the volume of business in general wholesale and retail business, liquors, auctioneers and commercial brokers. It will be seen that Chicago had a greater volume of business than the last four named cities combined.

During this year a considerable question arose between shippers and lake carriers as to the responsibility for "shortage." The fight was started at a Cleveland convention of vessel owners, and it grew to serious proportions, threatening to tie up all lake traffic. It was claimed by vessel owners that there were losses for which they were not responsible and that the "shortages" occurred before grain was delivered to them. The elevator men, who were deeply interested, held a meeting in the Chamber of Commerce, on March 30, 1868, at which, after setting forth that the contest was virtually one between the vessel owners and the warehousemen, resolved to insert the following clause in bills of lading for grain, instead of the one agreed upon at a former meeting, providing the Board of Trade should sanction it: "All the deficiency in cargo to be paid for by the carrier and deducted from the freight, and any excess in the cargo to be paid for to the carrier by the consignee, In case grain becomes heated while in transit the carrier shall deliver his entire cargo, and pay only for any deficiency caused by heating exceeding five bushels for each 1,000 bushels." A committee of five was appointed to get the names of vessel owners who refused to pay shortage or who had brought suit to recover shortages deducted from freight, and to make public their names and the names of the vessels, also to find how many vessels had been "over" during the year preceding and how much, and also to learn where the vessels loaded and discharged.

At the annual meeting this matter was brought before the board, and on motion of Murry Nelson a committee of fifteen was appointed to consider the question and to report at a future meeting. The committee was to consist of three shippers, three elevator owners, three bankers, three carriers and three grain receivers, and should their report be favorable to further action the Board of Directors were empowered to carry out their suggestions. At a meeting held on April 14, the committee presented majority and minority reports. H. K. Elkins and R. P. Richards signed the minority report recommending the appointment of weighmasters for the purpose named, in order that shippers might be as thor-

oughly protected as to quantity, as they were under the system of inspection, as to quality. B. P. Hutchinson, Chas. Randolph, C. S. Hutchins, J. W. Preston, S. H. McCrea, Ira Y. Munn and T. N. Bond signed the majority report, which stated that it would be unwise for the Board of Trade to undertake the appointment of weighers of grain in the elevators of the city, but urged the vessel owners themselves to appoint competent weighers for each elevator of receipt and delivery, who should thoroughly understand the construction of the elevators and should personally attend to the weighing of all cargoes received or delivered. The majority report also included the following resolution that "If any elevators in the city are so constructed that grain, after being weighed for the vessel, can, by any possibility, be returned to the house, the proprietors of such elevators be requested to so alter their houses in this regard, that the several weighmen may know, positively, that when grain is once weighed for the vessel it must certainly go on board." The majority report as outlined above was adopted.

At this time Chicago, in spite of its large volume of business, was not a full port of entry, and duties on imported goods had to be paid at Port Huron or Detroit, or at the seaboard where they entered the United States. This was a great inconvenience to Chicago business men, and the Board of Trade joined in the effort to have a genuine custom house established and goods forwarded in bond without examination or appraisal. A bill to that effect was introduced in Congress, but it was several years before the rights of Chicago were acknowledged.

During the month of April the Board of Trade was scandalized, and its reputation unjustly injured among shippers, by the failure of the commission firm of Lindell & Teed. This firm advertised extensively, offered cut rates and finally offered free storage for produce entrusted to them. The doors of this establishment were suddenly closed and many shippers were left to mourn the loss of the dear departed. The assets were found to amount to \$600, while the liabilities ran into the thousands. While in nowise responsible, the Board of Trade, as with every institution, had to suffer for this misdeed of some of its members.

Not directly connected with the Board of Trade, but as giving an interesting sidelight on the growth of Chicago, it is noteworthy that in this year State street first came into prominence as a retail street, and it was predicted by the knowing ones, although denied by other wiseacres, that State street would be the leading retail street some day. Another matter worthy of mention as showing Chicago's growing importance is the government report of incomes over \$10,000. It was stated that those having incomes over this amount were in St. Louis 126, in Cincinnati 220 and in Chicago 302. The earlier criticism of the reports of the Board of Trade voiced by Mr. Milward was echoed and emphasized by the "Commercial

Express" under the date of May 14, at which time that paper said: "A large number of the Board of Trade are constantly, and greatly, dissatisfied with the manner in which the Board of Trade statistics are collected, arranged and posted, with their incompleteness, incorrectness and irregularity. The preparation of comprehensive, accurate and reliable statistics, such as should be furnished to the Board of Trade, involves an amount of labor which the present secretary has either not the ability or not the inclination to perform, and at the present rate of discontent the matter of the duties of a secretary will be likely to form an issue in the next annual election." The "Express" continued, declaring that the Secretary was unpopular and inefficient, and in a later issue the employment of a statistician was urged.

In May, 1868, there arose a matter in which the Board was vitally interested. The Chicago & Alton Railroad sent the following notice to its agents: "On and after May 11, and until further notice, grain may be consigned to the National Elevator of Chicago, if shippers so order, at an added charge of \$5 per car, for delivery of cars at elevator. On all grain so consigned agents will add \$5 per car to our charges on the way bill. All unconsigned bulk grain will be delivered to the Union elevator, as heretofore. Please notify shippers. T. B. Blackstone, President and General Superintendent; James Smith, General Freight Agent." The shippers were notified and they sent a protest to the Board of Trade against the very evident discrimination. Upon receipt of this protest the Directors took immediate action and the following resolutions were read on 'Change and met with the hearty approval of the members:

"Whereas, The Chicago, Alton & St. Louis Railroad has issued the above order, therefore,

"Resolved, That we consider the same an unfair and unjust discrimination in favor of one elevator to the prejudice of another and contrary to law and all the business interests of this city, calculated to concentrate and confine the business of elevating and storing grain in a few hands to the exclusion of fair and honorable competition, to which we can with most safety look for a correction of the many complaints arising under the existing association or combination of elevator interests, and we recommend to the members of the Board of Trade that they unite with the people along the line of said railroad to resist the collection of the extra charge for switching, and to determine the rights of shippers and receivers of grain under the law."

Still another matter of concern connected with the railroad conditions was the action of the Chicago & Northwestern in what was considered an attempt to discriminate against Chicago in favor of Milwaukee. There was a change in the presidency of the road and the new official was said to be a partisan of Milwaukee, and determined to build up that city at the expense of Chicago. In this

emergency the Board met and the following resolutions were adopted on 'Change:

"Whereas, It is being currently rumored in well-informed circles that the Northwestern Railroad Company is about to abandon its well matured project of extending its line of road from Madison, Wis., to Winona, Minn., connecting at Winona with the Winona & St. Peter and the projected Chicago & St. Paul roads, thereby forming a key to the trade of a very large and extensive section of country; and,

"Whereas, Such abandonment will not only deprive the great State of Minnesota of a direct rail communication with this city, but will, for a long time to come, compel the products and traffic to seek this city through circuitous channels as at present; therefore be it

"Resolved, That in the opinion of this Board the best interests of one of the largest grain growing States of the Northwest, no less than the best interests of the Northwestern Railroad itself, together with those of this city, demand the immediate and speedy construction of this very important railroad connection."

Some of the trials and tribulations which confronted the Board in the early days will be appreciated from a reading of the following resolution adopted by the Directors on March 26, 1868:

"Whereas, This Board has from time to time been deprived of its regular market report from New York, through the neglect, designed or otherwise, of the officials of the Western Union Telegraph Company, while this same company have never failed to supply a private telegram, of which they are the proprietors, to the detriment of public business and in violation of their own rules, in giving preference to their own dispatches; therefore,

"Resolved, That this Board will hail with gratitude any relief from the present mismanagement and monopoly of the Western Union Telegraph Company, and to this end would extend a hearty welcome and support to the Pacific & Atlantic Telegraph Company, which we understand is about to extend its line from Cincinnati."

The annual meeting of the Board occurred on April 6, 1868. The officers elected were: E. V. Robbins, President; E. K. Bruce, First Vice-President; J. D. Cole, Jr., Second Vice-President. The new directors were J. W. Preston, L. D. Norton, D. W. Irwin, Geo. J. Brine and Levi Higgins. John F. Beaty was again Secretary and George F. Rumsey, Treasurer. At this meeting it was also decided to adopt the cental system, the date set being Aug. 1, 1868. As on the former occasion when this system was adopted, no real effort was made to put it into force and no further attempt was made.

The report of the Directors, as submitted by W. M. Egan, President, gave the financial status as follows: Receipts, \$102,260.18, including upwards of \$49,000 from grain inspection and \$42,000 from assessments. The expense of inspection exceeded \$42,000 and cash

on hand amounted to \$15,285.48. The membership was 1,224, being an increase of twenty-three over the previous year. The Directors deemed it prudent to lower the yearly assessment from thirty-five to thirty dollars. After announcing that there had been very few complaints in regard to inspection, the most serious coming from New York, and that no claims had been made except from consignees after the property had reached its destination, the report proceeded:

"Your Directors have carefully investigated such claims and almost unanimously decided against them; and to guard against such cases thereafter they ordered the chief inspector to have the following clause printed in the certificate of inspection: 'No claims for damage, arising from wrong inspection of grain will be entertained by the Board, unless made before the vessel or car on which it is loaded leaves this port, and the matter is fully investigated by the chief inspector or by the Grain Inspection Committee.'

"We would earnestly recommend that no further alteration be made in the rules of inspection of wheat. Heretofore it has been customary to make frequent changes in the inspection, which we believe to be wrong in theory. The grades should be permanent, and the crops should come up to the requirements rather than reduce the inspection to meet a bad crop. As frequent changes tend to injure our market by leading foreign wheat buyers astray in purchasing by inspection which, when once established on as good a standard as now, should be permanent."

The annual report contained the usual trade statistics, and the opinion of the Supreme Court of Illinois in the case against the Board by James P. Page. It appears that, to quote from the opinion, "on May 14, 1867, Page sold to Stevers and Brown, also members of the Board of Trade, a quantity of corn, deliverable at any time thereafter during the month; that on the 21st of May, corn having advanced in price, he offered to pay the purchasers \$500 to rescind the contract; that they accepted his offer and on the same day he paid them \$100 in money and executed to them his promissory note for \$400, payable on demand; that Page, failing to pay when requested, Stevers and Brown made a complaint to the Board of Directors; that Page appeared and admitted the indebtedness, but said he was unable to pay, and thereupon the Board made an order in accordance with the fifth by-law, suspending him from the privileges of the Board."

Page brought action to have this suspension declared illegal. The Supreme Court sustained the Board at every point. In part the opinion said:

"One of the objects for which the Board of Trade was created undoubtedly was to promote a high standard of commercial honor and commercial credit in the city of Chicago by securing among the members of the Board a prompt discharge of their pecuniary obligations, contracted in their dealings with each other, without a resort

to the expensive and dilatory procedure of a court of law. In order to accomplish this the charter authorizes the Board to create within itself tribunals of reference and arbitration, by whose decision the members shall be bound; but it does not confine the Board to the use of these means for the attainment of these objects. It expressly gives the power of expulsion, and under that power the corporation has adopted this by-law, providing that if a member fails to comply with a business contract made with another member he shall be expelled. * * * It certainly cannot be said that this rule was not germane to the purposes for which the corporation was created. In our judgment, though it might sometimes operate harshly, it is well adapted to secure the object we have above named, and preserve the high character and credit of the Board. That a corporation, purely commercial in its character, would soon cease to be respected or respectable, if it tolerated among its members a violation of an undisputed contract, is a proposition too plain for argument."

Page also set up that the transaction was in violation of the Warehouse Act, forbidding the dealing in futures. The court declined to pass on the validity of this law, saying:

"The record shows that no question of this character was made before the Board of Directors, when the matter was heard. On the contrary, the relator distinctly admitted his indebtedness, and neither averred, nor offered to prove that his note had been given in settlement of a contract prohibited by the act in question. He cannot, therefore, now complain of the action of the Board as violative of that law, or ask us to set aside their action on that ground. He prays a mandamus, because, as he claims, the action of the Board was illegal. In deciding whether it was so we must take his case as he made it before the Board. In this view it is unnecessary to decide on the constitutionality of the law, which has been briefly argued by counsel for appellee. The judgment must be affirmed."

This opinion was handed down by Charles B. Lawrence, Associate Justice, and confirmed the Board in its all important right to discipline its members, even to the point of expulsion.

Another matter dealt with in the report of the Secretary was the formation of the National Board of Trade. This was the outgrowth of meetings at Detroit and Boston and the first meeting was held at Philadelphia June 5, 1868. The Chicago delegates were W. M. Egan, Charles Randolph, Ira Y. Munn and V. A. Turpin. W. M. Egan was selected as one of the Vice-Presidents. The Philadelphia meeting adopted a constitution and by-laws. The central system was discussed and its adoption urged. The preamble to the constitution read as follows:

"In order to promote the efficiency and extend the usefulness of the various Boards of Trade, Chambers of Commerce and other chartered bodies, organized for general commercial purposes in the United States; to secure unity and harmony of action in reference to

commercial usages, customs and laws, and especially, in order to secure the proper consideration of questions pertaining to the financial, commercial and industrial interests of the country at large, this Association on this fifth day of June, 1868, is hereby formed by delegates, now in session in the city of Philadelphia, representing the following named commercial organizations, to wit: Albany Board of Trade, Baltimore Board of Trade, Boston Board of Trade, Boston Corn Exchange, Buffalo Board of Trade, Chicago Board of Trade, Charleston Board of Trade, Cincinnati Chamber of Commerce, Cleveland Board of Trade, Denver Board of Trade, Detroit Board of Trade, Dubuque Produce Exchange, Louisville Board of Trade, Milwaukee Chamber of Commerce, Newark Board of Trade, New Orleans Chamber of Commerce, New York Chamber of Commerce, New York Produce Exchange, Oswego Board of Trade, Peoria Merchants' Exchange, Philadelphia Board of Trade, Philadelphia Commercial Exchange, Pittsburg Board of Trade, Portland Board of Trade, Providence Board of Trade, Richmond Chamber of Commerce, St. Louis Board of Trade, St. Louis Union Merchants' Exchange, St. Paul Chamber of Commerce, Toledo Board of Trade, Troy Board of Trade, Wilmington Board of Trade. Article 1, section 1, provides: 'The association shall be designated and known as the National Board of Trade.' Frederic Fraley of Philadelphia was elected President.

At the annual meeting of the Board of Trade in 1868 an amendment was made to the General Rules of the Board, so that General Rule 5 should read: "The Board of Directors may appoint committees to such services as will in their opinion best subserve the welfare of the association, and committees of inspection may be selected from the branches of trade most interested whenever such interests are not fully represented in the Board of Directors; and, when so selected, such committee to be fully under the control of the Board of Directors, as if appointed from their own number; and they may enact such rules for their own purposes—not contrary to the charter or rules of the association—as will best secure the interests for which they were appointed."

An event, in July, 1868, was the banquet tendered by the Board of Trade to visiting editors from Wisconsin and Minnesota. This was given at the Sherman House. The Board seems to have been unfortunate in its social affairs at this period; for this banquet, like the inaugural banquet of 1865, was the subject of severe criticism.

The case of Miller vs. Bruce, involving the question of "privileges," was one which created much feeling among Board members, in July, 1868. This case against Bruce, who was the First Vice-President of the Board, was first brought before the Directors. This body denied jurisdiction on the ground that the sale of "privileges" was not a recognized transaction. A meeting of the Board was called at which Miller was upheld and the Directors were asked to re-open the case and decide it on its merits. On again coming before the Directors there was a tie vote, the President, upon the

advice of counsel, casting the deciding vote in favor of throwing the case out. This action again created much resentment, and demand was made that the rules be changed so as to recognize the validity of transactions in "privileges."

In September, 1868, the commission merchants entered protests against abuses which they claimed existed in the inspection of grain. They asked that samples be taken and held for two days, upon which appeal might be taken. They also asked for a weight standard for all grades and demanded better weighing facilities.

In December, the Board rooms were the scene of a notable event when the reunion of officers of the Union Army ended with a banquet tendered them by the Board of Trade. On the committee were Generals F. T. Sherman, A. C. McClurg and W. E. Strong, of Chicago, and among the noted guests were Generals Grant, Sherman, Thomas, Pope and others. With his usual taciturnity and desire to avoid publicity, it was reported that General Grant "slipped out early."

There are some other things for which the year 1868 is memorable. The Board of Trade had not lost its patriotic ardor, and at its annual meeting the sum of five thousand dollars was voted to be used with a like amount to be subscribed by citizens generally for the erection of a soldiers' monument in Rosehill Cemetery. J. W. Preston, George Field and S. H. McCrea were appointed as a committee to serve without compensation to superintend the erection.

Diligent research, in which the traffic managers of various railroads have assisted, brings to light some interesting facts concerning the use of refrigerator cars about this time. Mr. P. H. Monks the present commercial agent for the Michigan Central Railway, contributes the following for the benefit of this history, giving information as to the first shipments of fresh meats under ice via the Michigan Central. Mr. Monks says:

"The first shipment of fresh beef that I can find was made from Detroit in 1868, to Boston, Massachusetts. It was made by the G. H. Hammond Company, and G. H. Hammond, himself, accompanied this shipment to Boston, it being in what they called the 'Davis Patten Refrigerator.' After that Mr. Hammond located his plant at Hammond, Indiana, and was shipping from there about the year 1874, and, in 1876, had quite a lot of business moving east, via the Michigan Central."

Mr. W. H. Johnson, Chicago manager of the Star Union Line, placed the first shipments of fresh beef under ice on that line at an even earlier date. Replying to an inquiry he says:

"We have gone over our records very carefully, and regret to state that the exact date on which the first shipment was made cannot be ascertained. However, in March, 1865, the Star Union Line constructed the first refrigerator cars ever built—30 in number—and these cars were immediately thereafter utilized for the ship-

ment of butter, eggs, cheese, dressed poultry and fresh meats to eastern markets. These cars were built under the direction of Mr. W. W. Chandler, formerly General Agent, Star Union Line, Chicago, and the following extract from his memoirs may prove interesting: 'I had never seen or heard of a "refrigerator car" at that time, nor did I dignify them with the name of refrigerator cars, but christened them "ice houses on wheels." I did not get a patent, but later sundry other people did, varying the construction one way and another. This, to the best of my knowledge and belief, was the beginning of what is now an immense business. The several fast freight lines running eastward from Chicago carry an average of more than one hundred carloads of dressed beef daily, protected by refrigerators not only to the seaboard but across the ocean, a large percentage being exported. The cars carry about 128 quarters each—the meat of 32 beeves—which in a year will make a train more than two hundred miles long, each two rods representing 32 cattle. To supply this vast number "cattle from a thousand hills" would soon be exhausted, but the western prairies can furnish them easily. Besides dressed beef shipments, the refrigerator cars of the several lines carry in the aggregate more butter, eggs, cheese and dressed poultry than I would dare to state lest I be charged with exaggeration.'

These memoirs were written a number of years ago, and the present traffic of this nature greatly exceeds that described by Mr. Chandler. These were the beginnings of the great fresh meat industry which has revolutionized the trade of the United States, and which has practically ended local butchering in the eastern States. Although, as already stated, a freight car provided with refrigeration of some sort, successfully transported poultry and mutton from the West to New York City in the summer of 1857. Chicago packers were quick to follow Mr. Hammond's example, and Chicago, about 1874, started on its career as the chief source of fresh meat supplies for the eastern part of the United States, as it had been for many years the source of supply of cured meats.

Speaking of the year 1868, Andreas in his admirable History of Chicago, called it "the year of corners," saying: "There was a corner a month, three on wheat, two on corn, one on oats, one attempted on rye, and the year threatened to go out with a tremendous one on pork products. The corner in No. 2 spring wheat, which succeeded in June, started at \$1.77 and culminated June 30 at \$2.20. The price in New York at the time was \$2.02, and the day after the corner the Chicago price fell to \$1.80, and the second of July to \$1.75. This corner created much discussion as to restrictive rules, and the agitation was brought to a head by a corner in September corn." President E. V. Robbins was one of the victims of this corner, which was extended by the manipulators to contracts for "buyer October," which were "called" October first. Being unable to meet his obligations Mr. Robbins tendered his

resignation as President of the Board on the second of October. The Directors refused to accept this resignation and passed the following resolution :

"Whereas, Mr. E. V. Robbins, the President of the Board of Trade, has tendered his resignation, assigning as a reason therefor the recent financial difficulty ; therefore,

"Resolved, That duly appreciating the delicate sense of propriety which has prompted the tendered resignation, and entertaining for Mr. Robbins sentiments of the highest respect and the fullest confidence in his business integrity and ability, we deem it inexpedient to accept his resignation.

"Resolved, That we sincerely sympathize with Mr. Robbins in his business embarrassment, and trust his well-known character for integrity and energy will soon enable him to relieve himself of what he considers a disqualification for holding the office of President of this Board, and we hereby respectfully urge him to withdraw his tendered resignation."

Following this action on the part of the Directors, Mr. Robbins withdrew his resignation and served as President the remainder of his term. This corner proved very disastrous to many influential men on 'Change, and, on Oct. 13, 1868, the Board passed the following resolution :

"Resolved, That the practice of 'corners,' of making contracts for the purchase of a commodity, and then taking measures to render it impossible for the seller to fill his contract, for the purpose of extorting money from him, has been too long tolerated by this and other commercial bodies in the country to the injury and discredit of legitimate commerce, that these transactions are essentially improper and fraudulent, and should any member of this board hereafter engage in any such transactions, the Directors should take measures for his expulsion, under the provisions of Rule 5, for the prevention of improper and fraudulent practices."

The price of corn in this corner was forced from 85 cents to \$1.15. The resolution seems to have had little effect on the members, for soon after there was another corner in No. 1 corn. Beginning on November 6 at 77 cents the price was advanced to 90 cents by the 20th. It was then apparent that the market was cornered and that the corn was virtually in the hands of one firm and a syndicate of its friends. The syndicate ran the price up to \$1.08 on the last of the month. The price in New York on that day was \$1.17 and on the next day it fell to 80 cents in Chicago. Many leading firms of undoubted credit and untarnished business reputations were caught in the corner, but, contrary to expectations, they refused to settle their deals at the price demanded. Among the firms which rebelled against this extortion were Murry Nelson & Co., W. H. Lunt, Eli Johnson & Co., Spruance, Preston & Co., and others. It was determined by them to submit a test case to the Board of Arbitrators, depending on the resolution recently passed

for a vindication. The case was brought by Priestley & Co., who had engineered the corner, against Murry Nelson & Co. The case as presented was that Murry Nelson & Co. sold, on the 16th of November, for delivery during the month to Priestley & Co., five thousand bushels of No. 1 corn at 78 cents per bushel, deliverable in November. On the last of the month they found it impossible to purchase said corn, except from Priestley & Co. or parties acting with them, and the nominal price for settlement had been fixed at \$1.08 per bushel. Nelson & Co. offered to settle at 90 cents, which was refused, and the dispute was brought before the Board. The Directors investigated the facts, and reported in December, exonerating the buyers, and saying that members must settle within ten days or be suspended. It was declared that the Board did not act to save men from paying their debts and that the "corner" cry was being used simply to shield those caught by a rising market. Murry Nelson & Co. and the others were obliged to settle at the syndicate price.

The packing season of 1867-8 was a good one, and by the end of January Chicago was elated that it had again far surpassed Cincinnati, the pack at that time reaching 732,000 and the Union yards being in condition to handle 50,000 cattle and 150,000 hogs per week.

The price of wheat steadily declined in the early part of the year and this continued for nearly two months. The "Express" of March 5, 1868, said: "There has been a steady decline in wheat for 40 or 50 days. No panic or break, but a steady fall in price." In March came a sudden rally and there was great excitement in both the wheat and the corn pits. The advance by the middle of the month was 6@8 cents in wheat, 5@7 cents in corn, 2@3 cents in oats, 3@5 cents in rye and 3@4 cents in barley. In April the chief activity centered about pork products. The "Express" of April 9, 1868, said: "The recent rapid rise in the prices of pork products is something remarkable. Fortunes have been both won and lost. The advance on mess pork within a week is \$3 per barrel, and on lard one cent per pound. On some days three to five million pounds of meats have changed hands here; on others, between 7,000 and 8,000 barrels of pork and about 2,000 tierces of lard. Of course the sellers early in the season can now see where and how they lost from \$20,000 to \$100,000, which others, more fortunate, have gained." By the end of April there had been an advance of 40 per cent on pork products since the close of the packing season and wheat was up 25 cents per bushel. The advance culminated about the 10th of May, and No. 2 wheat lost from 11@12 cents within a week. The first big corner of the year was in June wheat, No. 2 spring being the contract grade. The price advanced 35 cents on the Chicago market, although it was down 15 cents in Liverpool and New York. There were charges of a widespread con-

spiracy, embracing the three cities, but the "Express" of July 9 states: "The indications are that the managers of the wheat corner will lose and that they were simply catspaws, transferring money from unfortunate shorts to country consignors who happened to have cash wheat on hand at the end of the month." The "Express" also resents the attacks upon the Board made by newspapers and others, speaking of them as "tirades against gambling, in which they show that they know as little about commerce as a monkey at the masthead knows about navigation."

One thing which helped business was the passage of a law by Congress legalizing transactions on a gold basis, when it was so specified in the contract. Prior to this time contracts for payment in gold were not legal. Chicago dealers came to realize, however, that they were paying too much for grain, based on the price in New York and the cost of transportation. Freight rates to New York, including elevating, insurance and other charges at that time were: wheat, 35½ cents; corn, 30 cents, and oats, 24 cents per bushel. At the same time (in September, 1868) the differences in prices between New York and Chicago were: wheat, 28 cents; corn, 24@25 cents; oats, 20 cents. It was argued that the dealers were losing this difference, and that while it attracted large shipments to the Chicago markets, the dealers could not afford it. By October 1 wheat had fallen an additional 10@12 cents. The corner in corn, already noted, in which the President of the Board was a victim, came at the end of September, 1868. On September 26 No. 1 corn was 90 cents, on the 30th it reached \$1.15, and in two days it had fallen to 85½, this corner in corn forcing prices up 25 cents a bushel within a week, while wheat declined 10@15 cents, was disastrous to those speculators who were bulls on wheat and bears on corn.

There was an exciting scene on 'Change, Oct. 13, 1868. New York dispatches were unaccountably delayed, the only dispatches being private ones known as the "Morse dispatches." Mr. Morse took this occasion to extol the merits of his dispatches on the floor of the Exchange. He was accused of speculating on the advance information which he received. He denied this vehemently, and then a broker stepped forward and declared that he had speculated for Morse and knew about his transactions. The scene on 'Change was an angry one and made the members all the more dissatisfied with the telegraph service.

The market continued to decline through October. No. 2 spring wheat was down to \$1.10@1.15, which was only 82@85 cents in gold, and the farmers throughout the West began to withhold shipments on account of the low prices, many settling balances in currency rather than to sacrifice the grain.

In November, 1868, the "Open Board" elected officers, as follows: President, Thos. Whitney; Vice-President, F. M. Mitchell; Secretary and Treasurer, Capt. Chas. Cooley; Directors, W. N.

Brainard, D. C. Scranton and F. C. Whitmarsh. The "Open Board" had collected \$1,900, of which \$1,400 had been used for expenses, and it was voted to donate \$500 to charity. It was proposed to build an "Arcade" in the middle of the block partially occupied by the Chamber of Commerce.

The November corner in corn has already been mentioned. After this corner the course of wheat was upward and of corn downward, but with the close of the year came a tightness of the money market, which affected nearly all prices, the exception being pork products, which took a sharp turn upward, mess pork advancing \$5@6 per barrel and lard 3@4 cents per pound. The scarcity of money increased as the end of the year approached; prices were lower and a loan could only be obtained from 1 to 3 per cent per month. Chicago as a whole was prosperous throughout the year; real estate transactions in May, 1868, averaged \$1,000,000 per week and real estate values in some localities doubled during the year.

It was not until the following years that the annual reports of the Board were made to conform to the calendar year, and the figures quoted below from the official report of the Secretary cover the year from April 1, 1868, to March 31, 1869. Shipments for the year were: Flour and wheat, 24,945,187 bushels; corn, 25,404,275 bushels; oats, 15,018,312 bushels; rye, 1,463,708 bushels; barley, 1,065,278 bushels; total, 67,896,760 bushels. Receipts—Flour, barrels, 2,276,335; wheat, 15,318,148 bushels; corn, 25,174,470 bushels; oats, 16,168,301 bushels; rye, 1,549,701 bushels; barley, 1,893,641 bushels.

Wheat—In the week ending April 4, 1868, wheat was quoted at \$2.02¼@2.05 for No. 1 spring, reached \$2.15@2.21 in May; declined steadily, each quotation being lower than the week before, until it reached \$1.80 at \$1.86 in July. There was a brief rally sending the price to \$1.95@2. This was but a temporary gain and from then on the wheat market was one of falling prices; in the week ending September 26th, it was \$1.48@1.58; the week ending October 24th, \$1.23@1.42; the week ending November 14th, \$1.15½@1.19; the fiscal year closing at \$1.14@1.18. The June corner in No. 2 spring wheat, in which the price of that grain was forced up to \$2.20 while similar wheat of better quality was 35@40 cents lower, was a peculiarly vicious one.

Corn—In the first week of the fiscal year corn was 81@86½ cents. It climbed steadily until May, when it reached 99 cents, receded gradually the next six weeks, a low point being touched in the latter part of June, at 83½ cents. There was then an upward tendency, the price rising until it culminated at \$1.05½ early in August. It remained around the dollar mark throughout August, but in September it fell, reaching 89½ cents, only to rally, under the influence of the corner, to \$1.15 at the end of the month. This was followed by a decline of about 40 cents, the price during the

week ending October 31st being as low as 75 cents. After this there was a rally ending in the corner of November, the top price for the week ending November 28th being \$1.08. In December the price declined to 65 cents, and it remained close to this point the remainder of the fiscal year, the last quotation, February 13, 1869, being 66@67 cents. New corn opened in November at 48 cents and rose gradually until February, when it reached 59 cents. The last week of the fiscal year the range was 53½@56½ cents.

Oats—This cereal sold during the first week in April, 1868, at 57@59¾ cents, this quotation being on No. 1. It advanced until about the middle of May, when the price was 74 cents, but from this high point it declined and by the last week in August had reached 50¼ cents. The new crop graded No. 2 or lower, and opened in the third week of August at 50@52 cents. During the entire season the top price was 56 cents and the low 41½ cents. The low point was reached the last week in October, and the high point in March, 1869. In the last week of the fiscal year the price was 52@54½ cents. After August, 1868, the few cars of No. 1 that were received were classed with No. 2 and sold at the same price.

Rye—The movement in rye showed a large increase over the preceding year, but was not equal to that of the year 1866-67. The market ruled steady all through the year under a constant but quiet demand, and prices were good as compared to the low prices of other cereals. The quality of the crop of 1868 was uniformly good, and the yield was a fair one. The milling demand fell off somewhat, as compared with 1867-68, but this was offset by increased use on the part of distillers after the duty on spirits was reduced. The first week in April, 1868, No. 1 rye sold at \$1.59@1.60, and near the close of the month had reached \$1.90. It receded in June to \$1.48; rose again, in the week ending July 4th, to \$1.70. There was a rapid fall, however, to \$1.12 before July 25, another advance to \$1.44 in August, and then a declining market with only moderate reactions. A low point was reached early in November at \$1.01, after which the market recovered to \$1.23 in February, and the price ranged in the week ending March 27, 1869, at \$1.18@1.21.

Barley—The movement in barley fell off from the preceding year, both in receipts and shipments. The crop of 1867 was exhausted long before that of 1868 came in, and the latter being but an average one was in good demand. Considerable barley was shipped to Ohio, but very little to the seaboard; receipts from Canada were 120,000 bushels, also 34,392 bushels of barley malt. As the amount in store was light, prices fluctuated rather extensively with the varying demands. The price the first week in April was \$2.25@2.40 for No. 2; in May, \$2.27@2.50; July, \$1.20@1.60; October, \$1.64@1.93, after which prices fell off, touching \$1.39 in Novem-

ber, advancing again to \$1.96 in February. The week ending March 27, 1869, the range was \$1.65@1.72.

Hogs—Receipts, 1,938,596; shipments, 1,214,400; packed, 617,954. The following is the statement of the Secretary as to the market for the year: "Chicago still maintains the lead in provisions, though the year ending March 31, 1869, shows a material falling off in pork packing, but less in the movement of hogs, as a great many animals were shipped east for summer packing on the seaboard. It was early apparent that the crop of 1868 would not equal that of 1867, though the average weight and yield of lard were better, while it was known there was no surplus of products on hand. Hence prices rapidly ran up on hogs and products, quotations nearly touching the top figures attained in our packing annals, under an active consumptive demand from the South for half-cured meats, followed by a strong speculative inquiry. Our exports to Europe have been large and the stock remaining on hand at the close of the fiscal year is very light."

The market for live hogs opened in April, 1868, at \$7.40@9.75. Through April and May the top price was not lower than \$9.25. During June and July \$8 was low and \$9.35 high for the top price. In August it went to \$10, where it remained nearly stationary for two months. October saw a sharp reduction, the price going from \$9.50, the first of the month, to \$7.75 at the close.; \$7.50 to \$8 were the top prices during November and the first half of December. During the latter part of December hogs passed the \$10 line, reached the \$11 mark in January, 1869, and touched the top at \$12.25 early in February. From then on the course was downward and the price in the week ending March 27, 1869, was \$11 for choice hogs.

Mess pork was high all through the year. Opening at \$24@25 in April, it rose gradually to \$30 about the middle of October. The low point was reached about the end of November at \$22, after which there was a quick rally, the top being reached in February, 1869, at \$33.25. The market declined the remainder of the year, being quoted the last week in March, 1869, at \$30.50@31.25. Lard followed rather closely the price of mess pork. It opened at 15¾@16 cents. The low point was in November, at 13¾ cents, and the high was in January at 20¾ cents. March found it at 18@18½ cents.

Beef Cattle—The year's business showed a moderate increase over the preceding year, although not over 1866-67. The receipts were 347,244 head, the shipments 235,531. The movement was moderately interfered with by the Texas cattle fever, and the excitement which prevailed in relation thereto. The pack was 26,950 head, a decrease of 8,400 from the previous year. The falling off was largely due to the low prices ruling in the East for beef products which promised no margin of profits to the packers. The following are high and low prices for cattle during the fiscal year,

which show the trend of the market. April 1, 1868, \$3.50@8.75; May, \$3.50@9.25; June, \$3@8.75; August, \$2.25@7.50; January, 1869, \$3@8.00; March, \$3@8.35.

High Wines—Owing largely to the reduction in the internal revenue tax, the manufacture of high wines increased largely. The amount manufactured in Chicago and Cook County for 1868-69 was 3,438,454 gallons, nearly 2,000,000 gallons more than during the year preceding.

Transportation rates had a wide range during the year. The rate on corn per bushel, by lake to Buffalo, is quoted as representative of other lake rates. The season opened in April with a rate of 11 cents, in May it was 4 cents, June 3½ cents, August 3@5 cents, September 8 cents, October 9½ cents, November 10 cents. By rail the rate on fourth class merchandise to New York is the one here quoted. In April it was 65c; May, 60c; from June until August 31st, 55 cents; September, 70 cents; January, 1869, 75 cents; March, 1869, 50 cents.

The rail and lake rates followed the lake rates closely during the season, starting high, lowering during the summer months and rising as the close of navigation drew near. For the sake of comparison, rates on flour per barrel to New York are given by lake and rail, and by all rail, during the navigation season of 1868. Lake and rail, April, 95 cents; May, June, July, 85 cents; August, 90 cents; September, \$1.15; October, \$1.10; November \$1.20. All rail, April, May, \$1.20; June, July, August, \$1.10; September, October, November, \$1.40. The total clearances from the port of Chicago during this year was 13,225, with a tonnage of 3,020,812 tons.

1869

The signs at the beginning of the year 1869 were not portentous. Money ruled easier, prices were better, wheat was up. Corn stood at 62@65 cents. Pork products stood up during turn of the year in what was considered to be the "trial week" which should determine the future of the market. The new corn crop was not up to grade and the directors ordered that it should be separated into "New Corn," which should be stored at the regular winter rates, and "No Grade," which should pay storage at the rate of 2 cents for the first five days and 1 cent for each additional five days. A number of failures were recorded at New York, but these were set down to the extravagance of the parties involved. Chicago had been fortunate in the matter of failures during the year preceding. The figures of failures for 1868 were: New York, 295; Philadelphia, 63; Boston, 59; Baltimore, 37; Chicago, 28. A total in the five cities of 482.

The Board of Trade itself was bothered as to what to do with its surplus. In the transportation world there had been great improvement. The western lines had shown much prosperity.

The earnings of fifteen western roads were \$76,143,220 for 1868, against \$71,444,045 in 1867. Many new lines were being built, and in the far East the Suez Canal was expected to be opened, while to the west the last spikes were to be riveted to unite Atlantic and Pacific shores in bonds of steel. At Chicago two new packing houses were added, those of Botsford, Pope & Co. and H. O. Armour & Co. The Supreme Court had decided that the law legalizing contracts payable in coin was constitutional. With such a setting it is no wonder that few realized what the year was to bring forth.

With the Board of Trade, the first sensation was the resignation of John F. Beaty, who for six years had been Secretary of the Association. This came in March. Mr. Beaty stated that he wished to retire as he had accepted a more lucrative position, but that he would remain to complete the report for the year or to assist his successor. The directors accepted the resignation and passed highly eulogistic resolutions concerning Mr. Beaty and his work. Joel Henry Wells, a member of the Exchange and editor of the "Commercial Express," had heard of this resignation some time before it was sent to the Board, and two weeks prior to its receipt had made application for the place. Coming as it did soon before the annual elections, many thought the selection should be held over to await the action of the new officers. This was not done, however, and the choice fell upon Charles Randolph. The files of the "Express" are the only ones of a trade paper available for this period of the Board's history, and it is only fair to state that some of the later criticisms which that paper made of the management may have been prompted, to a degree, by the disappointment of the editor in not receiving this Secretaryship.

It was felt by many that the Arbitration Committee in some cases was too "arbitrary," and this feeling prompted a resolution, passed by the Board March 9, 1869, to this effect:

Whereas, It is believed by some of the members of the Board of Trade that some of the rules heretofore adopted for the government of the Arbitration Committee are inconsistent with other rules so adopted and are in conflict with the charter of the Board, and with the laws of the State; therefore,

Resolved, That Wm. H. Low, Julian S. Rumsey, N. K. Fairbank and R. McChesney, be and are hereby, appointed a committee to revise the general rules and by-laws now in force and submit such amendments thereto as to their judgments may seem best.

Resolved, That said committee be, and are hereby, requested to submit their report for the action of the Board at the earliest day practicable—not later than ten days before the approaching annual meeting of the Board.

In March, 1869, the Chicago Board of Trade was visited by a delegation from New York dealers relative to reforms in the methods of grain shipments. This delegation was specifically dis-

avowed by the New York Produce Exchange in a formal resolution, a copy of which was forwarded to Chicago; so that the delegation had no standing save as individuals. Instead of diminishing their influence, however, this resolution seems to have heightened their welcome, as it was felt by Chicago members that the reforms they advocated were for the good of the trade and that the New York Exchange had acted selfishly. This delegation first visited Buffalo, where they received warm support and their plan was adopted. Coming to Chicago they consulted for several days with the Commercial Committee of the Board, with the result that N. K. Fairbank, chairman of the committee, reported the following, which was adopted:

"In accordance with a resolution of the Commercial Committee of the Board of Trade passed yesterday (March 18) appointing a committee to draft resolutions in reference to changes proposed by a committee from the New York Elevating and Warehouse Association, in the system of consignment and sale of western produce in the city of New York, the committee begs leave to report the following preamble and resolutions:

"Whereas, The following preamble and resolutions of the Buffalo Board of Trade in reference to the subject before us meets with our hearty approval; and

"Whereas, Our co-operation was asked by said resolution, which was as follows: 'Whereas, The system and mode of consignment and sale of western products sent forward to eastern markets has been injudicious and unprofitable, rendering a radical change important and imperatively necessary, whereby greater dispatch in the discharge of cargoes may be attained, as well as prompt payment on the sale of said cargoes,' and

"Whereas, A proposition has been submitted to us by a committee representing the Elevating and Warehouse interests of the city of New York, looking to the regulation of canal bills of lading in such manner that boats shall go to store with cargoes on the day of their arrival, and on the part of said warehousemen, promising in furtherance of that object, to reduce the rates of elevating and storage, one-half the price now charged for the first ten days; be it therefore

"Resolved, That this Board of Trade hails with pleasure the proposition of these gentlemen, showing as it does that at least a portion of the grain men of New York have awakened to the necessity of the change which we have so long desired, which should give us more prompt and reliable returns on our property sent for sale to that market.

"Resolved, That the system of long time which has heretofore been given to the buyers of grain in New York is ruinous and unjust to the consignor and consignee of grain; that grain should be sold exclusively for cash on delivery.

"Resolved, That this Board of Trade most heartily co-operate with the said committee in their efforts to bring about this desirable change and that on our part we are ready to make such change

in our bills of lading as shall, as far as Buffalo is concerned, effect the desired reformation.

"Resolved, That we invite the co-operation of our western Boards of Trade in the execution of this system, which will at once, or eventually, abate the present manner of consignment and sale of products, and inaugurate a new era in trade with the city of New York which will, in the opinion of the Board, be mutually beneficial to all concerned.

"Resolved, That the thanks of this Board of Trade be, and are hereby, tendered to the committee for the able and impressive manner with which they have presented their plan to this Board. Therefore, be it

"Resolved, That the Board of Trade of the city of Chicago recommend such change in bills of lading at Buffalo as will effect the desired reform alone.

"Resolved, That we see in this disposition on the part of the more liberal and enlightened portion of the trade of New York City a willingness to conform to and adopt the system of receiving, handling and selling grain which has so successfully prevailed in the western grain markets, a ready solution of the embarrassments and losses growing out of the pernicious custom of selling our grain on seven or ten days' time.

"Resolved, That we invite the hearty co-operation of the New York Produce Exchange and of the various associations of the West in this movement, and trust that they will support the Elevating and Warehousing Associations in carrying out so desirable a change."

This question was given considerable attention at Chicago, Buffalo and New York, but each seemed inclined to place the responsibility for the high cost of handling with the other parties. Chicago warehousemen were urged to reduce charges and expedite business. New York men resolved in favor of bonds for the improvement of the Erie Canal, and that the cost must be reduced all along the line, beginning with Chicago. The Buffalo "Commercial Advertiser" urged the reduction of charges at Buffalo, as the percentage of the western trade held by that city was decreasing. The Chicago Board of Trade resolved in favor of a reduction of canal tolls and urged Buffalo to reduce its charges. The resolutions read:

"Resolved, That disclaiming any intention of advising our Buffalo friends in matters pertaining to their own interests, we respectfully suggest a material abatement in their charges for elevating, transference and storage of grain and insurance on the same, as well as a reduction in the charge, termed by Buffalo bankers 'Exchange of $\frac{1}{4} @ \frac{1}{2}$ per cent,' charged whether for currency paid over their counter for transportation charges, or on bills on New York, would attract more business to their port and prevent the growing diversion of produce to other routes to the seaboard."

The New Yorkers, as a whole, did not take kindly to the proposed reforms, especially to cash payments, and the "Express" of

April 28, 1869, records that "New York grain operators are trying to prove that the reform recently proposed—the introduction of the cash system of payment—will enhance the expense of handling the cereals about 1½ cents per bushel. They argue that the movement on the part of the reformers is simply an attempt to gain individual prominence." Little came out of all this agitation, but it continued as times grew harder. A "Cheap Transportation" convention was held, to which J. C. Dore, N. K. Fairbank, B. P. Hutchinson and J. M. Richards were sent as delegates by the Chicago Board. This convention resolved that, owing to the great decline in prices of products during the past year, the Northwest suffers greatly, a reduction of rates on the Erie Canal and of elevator charges is asked.

The annual election was held April 5, 1869. J. M. Richards was elected President; S. H. McCrea, First Vice-President; Henry A. Towner, Second Vice-President. The new Directors were R. Stone, C. W. Kreigh, D. H. Lincoln, R. W. Pettit and J. K. Fisher.

At the annual meeting the President reported a surplus of \$15,000, the receipts for the year being over \$110,000 and the membership 1,287. On this showing the membership fee was reduced to \$25. Inspectors reported inspection of 113,663 cars and 1,348 boat-loads of grain. By action of the Board two members were expelled from the association. The Board asked the Directors to take steps to place the inspection of grain upon the same basis as that of flour and provisions—independent of the Board. President Richards, in his inaugural interpreted his election as the prevailing of a good cause and a decision for a high standard of commercial honor, the sacredness of contracts, the open selection of officers and the free discussion of all questions.

These remarks would indicate that the events of the previous year had been the cause of considerable dissension. On the following Monday President Richards again spoke, at this time urging cheap transportation, the superiority of railroads to canals and free competition in the handling of grain. He said that Chicago was to become the central city of the continent. He further advised the Board to own the building which it occupied. The appointment of Charles Randolph as Secretary was ratified by his continuance in that office, and L. V. Parsons was appointed Treasurer. The inspecting force was not changed. At this meeting revised rules were adopted and a committee was appointed to co-operate with the Chamber of Commerce and citizens generally for a jubilee when the Pacific road was opened. A motion to allow members to be represented before the Arbitration Committee by counsel was voted down. The Board then adjourned to the Sherman House, where the President was host at a banquet of oysters and champagne.

On April 17 came the startling intelligence that Packer, Peck & Co., a New York commission house, had defaulted for \$160,000.

They had sold grain from their warehouse to this amount. It was rumored that several Chicago firms might be driven to suspend on account of this defalcation, but they managed to weather the storm.

The millers and flour dealers also had their troubles, owing to the nature of the crops, and at a meeting held in April, 1869, they resolved: "That it is the opinion of this meeting that an establishment of grades and the selection of standards of 'extra' and 'super-fine' are desirable, and that, whenever the parties to a trade so desire, flour be inspected as 'sound, full weight, and equal to such standard,' if it can be accomplished without interfering with the present general custom of inspection." A committee of five was appointed to confer with the Board of Trade as to the proposed change.

On 'Change one of the great sensations of this sensational year came the latter part of April, when it was announced that the large quantity of new corn stored in the City Elevator was "heating." Receipts from this warehouse at once became unsalable except at a discount of from 10@15 cents per bushel, nor did the trouble end here, for every corn dealer who had new corn to deliver, attempted to buy City Elevator receipts at a low price and compel the holder of his contract to accept them, and the purchasers, not being inclined to acquire such property at a high price, resisted to the last. A meeting of the Board was called to discuss this question, and concerning it the "Express" said: "So many doubts arose as to the legality of its action, and so much dissatisfaction at the ruling of its chairman, that a second meeting was called." At this second meeting, held April 27, 1869, the Board resolved that the chief grain inspector should keep himself acquainted with the condition of all grain in all the elevators and post on the Board of Trade bulletin the facts as to any grain out of condition. The action relative to City Elevator receipts, taken at the previous meeting, was rescinded, and the whole matter left to the Committee on Arbitration.

This "hot corn" case opened up anew the discussion of the whole system of grain inspection and grain storage. The "Express" stated that it "showed in bold relief the evils of a system which fixes no special responsibility anywhere for results, while preserving an absolutism in methods." And that "the owners must lose 10 or 15 cents per bushel on account of a fact for which they were in no way responsible and had no power to prevent. The warehouse seems to furnish only a wall, a roof and a spout."

The Pacific Railroad was completed in this year. By the latter part of April it was announced that but eight hours staging were necessary and that "Passengers from Chicago to San Francisco reached there in seven and one-half days, actual traveling." With the completion of the road there arose much difficulty as to rates, as the California end of the line demanded 10 cents per mile and refused to prorate with any other road. The last gold and silver spikes were driven in May, 1869, and San Francisco could be reached

in less than six days. The fare from Chicago was \$220. Plans for a Chicago jubilee were given up, but President Richards represented the Chicago Board of Trade at the ceremony when the lines were joined, and spoke for the Board at the banquet which followed at San Francisco.

In May the "Open Board" again elected officers. Thos. Whitney, President; H. C. Ranney, Vice-President; C. G. Cooley, Secretary and Treasurer, and J. C. Whitmarsh, Wm. N. Brainard and F. M. Mitchell Directors. The receipts were \$2,730, from 273 firms. Five hundred dollars was given to the poor and the balance used for expense. The Open Board announced that it would erect a building, 42x85, on a lot southeast of the Chamber of Commerce building.

In May came the first of the great gold panics which were to make the year memorable. The failure of the banking house of Schepeler & Co., of New York, caused great excitement in the "gold room," and the premium on gold rose to 144 $\frac{7}{8}$ ¢, the highest point it had reached for many months. As usual this unsettled business and prices in all lines.

The Chicago Stock Exchange was formed in 1869. The incorporators met at the office of D. H. Denton, 18 Chamber of Commerce building, on April 27, for the election of officers, under the charter granted April 19. The first officers were: President, D. H. Denton; Vice-President, Christian Wahl; Secretary, J. J. Richards; Treasurer, Jas. E. Tyler. Stock subscription books for \$50,000 were opened and the amount soon subscribed. It will be noted that several officers of the New Stock Exchange were members of the Board of Trade.

Soon after the publication of the eleventh annual report of the Board of Trade, the Boston "Commercial Bulletin" had the following to say as to Chicago's growing importance, especially in the field covered by the Board:

"Year after year the figures that represent the annual commerce of Chicago grow bigger and bigger. Nobody but a Chicago man could cope with them in their wild state and reduce them to tabular good order. In looking through the last report of the Chicago Board of Trade, which gives the results of the business of that city for the year ending March 31, 1869, one finds it hard to believe that 'figures won't lie.' But the growth of the city in population and wealth, the far-reaching expansion of its commerce, and its rapid advancement along all the lines of material progress furnish confirmation strong of the accuracy of the figures. No abstract can fairly present the startling facts of this report. * * * Basing her claim on the figures Chicago entitles herself 'the greatest grain, provision and lumber market in the world.'"

There was a corner in July corn, and some of the members applied for relief under the rules of the Board. According to the "Commercial Express" of July 20, 1869, the committee reported

in favor of the settlement of July contracts for No. 2 corn, sellers' option, at 78 cents, and at 80 cents if buyers' option all July. The committee decided that a virtual corner had been created by the impossibility of sellers procuring enough No. 2 in good condition to fill their contracts. The following is the "Rule 13" under which action was taken: "Whenever any member of the Board of Trade shall claim that the fulfillment of his contract is interfered with by the existence of a corner, the President of the Board shall, upon the application of any party to such contract, appoint a committee of three disinterested members of the Board, who shall decide as to the existence of a 'corner,' and if they find that a corner existed at the time of the maturity of the contract, such contract shall be settled on the basis of actual value as compared with other property of the same kind, but of different grade, in this market, and with property of the same grade in other markets, such value to be ascertained as near as may be and a price to be fixed by a majority of such committee."

This report was made to S. H. McCrea, Vice-President and acting President, Mr. Richards being in attendance upon the opening of the Pacific Railroad. No. 2 corn went up 15 cents in a week, reaching 96 cents. In October this Rule 13 was abolished on the ground that it gave too much power to three men.

In August the rates for inspection were advanced on bulk grain from railroad to .25 cents per car; from canal to \$2 per boat; into vessels to 50 cents per 1,000 bushels.

In September there was a storm of excitement among the members when two members, one of whom was C. B. Goodyear, refused to abide by the decision of the directors and were threatened with expulsion. A meeting of the Board was held, at which a resolution was passed in which the Directors were censured for their action. Thereupon the entire Board of Directors tendered its resignation. A second meeting of the Board was then held, the offensive resolution replaced with one of much milder nature, and the resignations were withdrawn. Mr. Goodyear effected a settlement of his contracts and was reinstated. The press of the city, especially the "Times," always ready to find fault with the Board, took sides in this case and made it a sensational feature.

September, 1869, saw the culmination of the speculation in gold. Premonitory symptoms came the first of the month. The market was feverish, and the gold room at New York became more and more the center of excitement. The "Commercial Express" of September 8 said that gold, which was \$1.31 two weeks previously, had risen to \$1.36@1.37½. The next week it was reported that gold had fallen two points and that millions had been made in the rise. It was stated that John Morrissey was the gainer by \$2,000,000. It was near the end of the month that there came the noted "Black Friday." Gold had been steadily but slowly advancing, and it was

finally rumored that a corner existed. The parties to it suddenly threw off the mask and their brokers went into the gold room, bidding ever higher and higher. The excitement was intense; some are said to have been driven insane, business men were forced to buy gold to protect themselves, and the price was forced to \$1.60. A bid was made at \$1.62½, but at this time the Secretary of the Treasury threw \$2,000,000 of gold upon the market and the price broke at once to \$1.32@1.34½. From that time on gold declined steadily. During the crisis there was a run on the Tenth National Bank of New York, the Gold Exchange Bank was forced to suspend and the Gold Board adjourned from the fatal Friday to the following Tuesday. Many failures of bankers, merchants and business men generally followed in the wake of this storm. Prices went tumbling. By October 13 No. 2 spring wheat, which was quoted at \$1.17 September 22 had fallen to 96½@99 cents. Other prices fell in like proportion, the general decline in prices being aided by the abundant crops of 1869. By November 4 wheat had reached 85 cents. Money was tight and growing tighter. It was stated in October that few could borrow at 10 per cent, and in December it was said that the only money obtainable was at 2 to 3 per cent a month. Prices ranged still lower towards the close of the year, and on December 29 the "Commercial Express" quotes the following from the Advance: "Grain trade for 1869 has been disappointing for nearly everyone engaged in it, whether producer or operator."

By the first of May, 1869, the stock of everything except corn had been diminished, still there was no decided improvement until far into the summer, when stocks and surplus began to show signs of large reduction. The first of August wheat had risen to \$1.35@1.40, corn to 85@88 cents, oats to 53@55 cents, rye to \$1@1.05, and this higher level of prices ruled until the new crops came in, corn reaching its maximum at 95 cents to \$1. But these higher prices, chiefly due to the reduced summer stocks, again proved the bane of all parties interested, as they thereby were led to calculate better returns through the fall and winter than in the year previous, and made all their plans accordingly. How they were disappointed: Wheat fell to 77 cents, rye to 66 cents, corn to 68 cents, oats to 40 cents, barley to 45 cents, and stocks at the close of 1869 were two or three times as large as at the close of 1868. The causes were large crops and decreased demand, caused by hard times and the falling value of gold. Total sales of grain in the Chicago market amounted to little more than one-half the value in money of the sales of the year previous, though corn fell but 20 per cent. The value of grain sold in Chicago in 1868 was \$75,000,000; in 1869, \$50,000,000, with a larger crop. In Iowa wheat sold for from 40@60 cents per bushel, and many times did not pay the expense of hauling. The farmers were obliged to pay greenback prices and to sell for what grain would bring in the gold markets of Europe. At the

close of the year, December 29, the "Express" said the "tightness of the money market is absolute." Pork went down with a rush and hogs fell to \$8.25@8.75.

In the office of the Secretary of the Board of Trade today there is one lone volume containing the Secretary's reports for the years 1867-68-69-70. So far as known only two or three other copies of these reports are now in existence. This is a legacy of the great fire of 1871. For this reason it has been thought best to reprint, in this history, copious extracts from this volume, so that its valuable contents may be in many hands. For several years prior to 1869 the annual reports had been issued to cover the year from April 1 to March 31, but in 1869 this was changed and the report made to coincide with the calendar year, with a supplemental report in the spring, relative to the packing trade. Secretary Charles Randolph also departed from another custom, and instead of prefacing the report with a brief introductory made it include a review of the trade of the preceding year, together with suggestions of policy for the future. The report follows:

Chicago, Jan. 1, 1870.

J. M. Richards, Esq.,

President of the Board of Trade of the City of Chicago.

Sir: I beg leave herewith to submit to yourself and the members of the Board of Trade the twelfth annual report of the trade and commerce of this city for the calendar year ending the 31st ult.

At the annual meeting of the Board in April last it was voted to change the time of issuing this report from April 1 to January 1, as it was believed the latter date a more fitting time to take a review of the past, and to gather together the figures and comparisons of the business of the city; and though it is an unfortunate time to give anything like a fair detailed statement of the packing and provision trade, it is believed that a short supplemental report on that branch of the city's business, to be made out at the close of the fiscal year of the Board, about April 1, will, with the regular report, meet the views of all more nearly than any other arrangement.

In preparing this Report an unusual amount of labor has been required in rearranging tables, made up heretofore from April 1 to April 1, so as to make them represent the business of the respective calendar years. * * *

The year just closed has been, in some respects, an unfortunate one, at least so far as the business of dealing in the products of the earth are concerned; and, in fact, all branches of trade have, to a greater or less extent, shared the general depression. The volume of business has not been diminished, but it has not been conducted with the usual return of profit. Abundant crops in nearly all portions of the earth has tended to depress values, and the low prices that could be realized by our western agriculturists for most of their products have reduced their ability to make as large purchases as usual, and thus, in turn, the merchant and trader in all the commodities of commerce have been disappointed in the results of the year's business. Added to these causes there has been a feeling of

uncertainty in regard to the future of our circulating medium, and the possibility of an early return to a specie standard of values, which has made conservative men extremely cautious about embarking in extended enterprises of any character. It is to be hoped that the question of a depreciated currency, which has for so long a time been a subject of discussion and unrest, may be speedily removed by a return to the world's standard of measuring values; provided, of course, that the means adopted to bring about the end desired are not such as will produce evils of greater magnitude than those the country is now subject to.

Building

Notwithstanding the general depression alluded to, our city has continued to grow in population, and great improvements have been made in its appearance to the stranger, while our citizens refer with just pride to the structures of elegant finish and massive proportions which meet the eye at every turn.

The city officials report the erection in the city during the year just closed of 3,810 buildings, 218 of which were of stone, and 600 of brick; of these 287 were four stories in height, 93 were five stories, 24 were six stories, and eight were seven stories. A careful estimate places the cost of the buildings erected at something over sixteen million dollars. Many miles of street paving and of sewerage have been completed. In fact, in every respect the city has greatly advanced and been improved and beautified.

Finances

While for the past few years our citizens generally have been increasing in personal wealth, and many have amassed large fortunes, there has been a very marked improvement in the character and means of our banking institutions, especially since the organization of banks under the National banking law. While the ability of our banks to accommodate their customers has been large, still the demand for the legitimate use of capital has been such that money has for nearly the whole year been in active demand at 10 per cent per annum and undoubtedly a considerable amount of additional banking capital could be most profitably employed in the city. It is to be hoped that Congress will at an early day make such a reapportionment of the National banking franchises as will give this city and the West generally its due proportion of banking facilities and circulation.

And in this connection it may not be improper to express the hope that the convention now sitting to revise the Constitution of this State will devise some system of equalizing State taxation that will be more just to the banking interests than that which now prevails. It is a well known fact that real estate, and most kinds of personal property, are assessed in this State, for purposes of State taxation, at not over 25 to 30 per cent of its real value. Bank shares seem to be an exception to this general rule, and are taxed at their par value, thus making capital employed for the legitimate and necessary uses of business pay nearly or quite four times as much tax as that which is invested in lands, held, in many instances,

for purely speculative purposes, and where it is entirely useless to the public at large. This species of unfriendly legislation should be at once changed, and capital encouraged to seek channels where it is much needed. The business of the city banks has been increasing for the past year, as shown by the reports of the clearing house, the entire amount of clearings for 1869 being \$731,444,111.11. For 1868 it was \$718,485,908.39, an increase of \$12,958,202.72. These figures, of course, do not represent the entire banking business of the city, but only checks on one bank deposited with another and passed through the clearing house for collection.

Exchange, owing to the present uniform character of the currency throughout the country, has ruled steady, varying only to the extent of the expense of remitting currency by express-sight exchange on New York varying from one-tenth of one per cent discount to the same per cent premium, as currency was plenty or scarce at the time.

Flour

The year just closed has not yielded an average profit to those engaged either in making or dealing in flour. The manufacture of this city has been 543,285 barrels, against 732,479 barrels in 1868, showing a decrease of 189,194 barrels. The amount received from the interior has been 2,218,822 barrels, against 2,192,413 in 1868, an increase of 26,409—a net decrease in the amount handled of 162,785 barrels. Prices of flour have ranged relatively lower than for wheat during most of the year. Especially is this true of the medium to good grades. A few of what are termed “fancy brands” have been in demand at fairly remunerative prices, and for a portion of the year low grades have been salable at rates that left a good profit to the miller. Considerable orders have been executed in this market for flour to ship direct to Great Britain. These have been mainly for rather low grades. The trade with New England points has been only moderately active, while many points at the East that have for several years been drawing large supplies from us are able, since the harvesting of the last crop of wheat, to procure supplies from their own immediate neighborhoods.

During the past year the Board of Trade has established a standard of grades for inspecting flour. It is not intended (at least for the present) to grade the higher qualities, as they appear to be disposed of by sample with more satisfaction to both buyer and seller, than if they were graded. But it is believed that if it were known that flour, in any given quantity, could be obtained in this market of an acknowledged uniform standard of quality, many large orders would be sent here direct that are now executed in the eastern cities, where, of course, additional cost is incurred by frequent handling and commissions. It is proposed that samples of our standards of “Extra” shall be kept at the Exchanges in the prominent markets for breadstuffs in Great Britain; and as there is a purpose to preserve the integrity of the inspection by those standards, it is anticipated that a large business direct may result from the arrangement. As yet but little has been done under the system of inspecting by grade, but it is expected that during the

present year very considerable trade will be inaugurated under it. It has hitherto been quite difficult to give an intelligent report of the flour market in this city to a stranger, owing to the fact that each lot of flour is sold by a sample, the exact character of which cannot be made clear in quotations.

Wheat

The business in wheat in the city has been larger during the past year than ever before—the receipts aggregating 16,876,760 bushels, against 14,772,094 bushels in 1868, an increase of over 2,000,000 bushels. The trade has not, as a general thing, been of a profitable character. Especially has this been true of it since the crop of 1869 began to move in August. Since then there has been a steady decline in price, with scarcely any reaction. The crop of the spring wheat producing States of the Northwest is acknowledged to be a large one in the aggregate. Some few points report a light yield, but especially in Iowa and Minnesota the crop is much above the average in quantity. The quality, as a whole, is inferior to the crop of 1868, but it is by no means of poor quality. The winter wheat crop of 1869 throughout the country was, with few exceptions, of unusually good quality and of heavy yield, and winter wheat, both in grain and flour, has been pressed for sale at all points, at prices but little above spring. This fact and the apparent abundance of wheat in Europe has had a depressing influence on spring wheat. The year closes, for both wheat and flour, with a lower range of prices than for several years past.

Corn

At the close of 1868 old corn was pretty closely shipped, and but little remained in farmers' hands in the West. There was in store in this city, on the 1st of January, 1869, but 157,205 bushels of old corn, and this gradually diminished until April 1st, when there remained but about 60,000 bushels. The crop of 1868 was of inferior quality to that of the previous year, and operators were more or less timid in the early part of the year about investing in it to hold through the winter in store, but there being an active demand for it at the east, for shipment by rail, at the low rates of freight then prevailing, it was kept moving so freely that the condition of that remaining in store was fairly preserved. The inspections show but a small percentage of the crop being up to the standard of No. 1, and the general average of No. 2 has been inferior to that grade in most years.

The winter accumulation, amounting on the 1st of April to over 2,000,000 bushels, came out of store, with the exception of one elevator, in as good condition as was expected, and had the movement been active there would most likely have been but little loss resulting from any imperfections of quality. In July, however, there being considerable of No. 2 corn that had lain in store for some weeks, it became more or less out of condition, producing great confusion in the trade, and resulting in positive loss to many. A very large speculative trade has been carried on in corn, during most of the year, and the fluctuations of the market have been

sufficient to sustain excitement almost continually. Very little of the crop of 1869 has as yet come forward, its condition generally not being good enough to justify shipping. Various opinions prevail as to the amount of the crop. In this state the weight of opinion seems to be that the yield is light and the quality inferior. In Iowa it is better, but from that State but little comparatively is shipped unless prices rule high. It may perhaps be fair to assume that from present prospects and reports the receipts at this point for 1870 will not exceed those of 1869, which have been 23,475,800 bushels against 25,570,494 bushels in 1868, a decrease of 2,094,694 bushels. The eastern States, and also the southern, are represented as having harvested good crops of corn, and while American consumption of this cereal is large there is no foreign demand whatever for it, and from present indications prices must be made entirely on the basis of the home supply and demand. Prices at the close of the year are for No. 2 corn, 69@70 cents.

Oats

The receipts of oats for 1869 show a large falling off as compared with 1868, being 10,611,940 bushels, against 16,032,910 the previous year—a decrease of 5,420,970 bushels. It is generally admitted that the crop of 1869 was a fair one in the Northwest, but the prices prevailing since harvest being below producers' views they have declined to sell very freely. The crops eastward have been better than in 1868. The trade throughout the year, with but little exception, has been a steady, legitimate one, and it is understood shipments hence have, as a whole, paid reasonable profits.

Rye

The trade in rye has been of less volume than for several years, and the crop of 1869 seems throughout the country to be a light and inferior one. Shipments hence have been largely by rail to supply points in the interior. Receipts for the year have been 955,201 bushels, against 1,523,820 in 1868—a decrease of 568,619 bushels. Prices, December 31st, close at 70@72 cents for Nos. 2 and 1.

Barley

The barley trade for the year has been very fluctuating, and to those who were engaged in buying and selling it on speculation exceedingly unsatisfactory. The amount of the old crop of 1868 remaining in western producers' hands at the beginning of the year was small and came forward slowly, realizing, however, fair prices. The crop of 1869 has proved to be a very inferior one, very little of it being equal to the standard of No. 2, and a large percentage entirely unfit for malting. The receipts have been 1,513,110 bushels, against 1,915,056 bushels last year; a decrease of 401,946 bushels; of the amount received only about one-half was of western production, the balance arriving here by lake and eastern railroads, being mainly of Canadian growth. City brewers have been obliged to seek supplies in the East, as our own crop was below the standard of quality required by them. The shipments eastward by lake have been insignificant, and that shipped away from the city has

been mainly distributed to points in the interior. Much of the crop has been used for feeding purposes as a substitute for corn and oats. The range of prices has been very wide, and for much of the time the market has been in an unhealthy condition. Canada barley has generally been sold by sample, at prices ranging from 5 to 50 cents per bushel above the current price for No. 2 western.

Packing and Provision Trade

As the season of pork packing is now at its height, no review of it can properly be made or statistics furnished that would be satisfactory as a finality. The packing season opened on extremely light stocks of provisions, in all parts of the country, and with the knowledge of this fact and the reported short supply of hogs, a speculative fever set in, and the price of hog product, especially mess pork, advanced rapidly.

This excitement has, in a measure, subsided and a decline of \$3 to \$4 per barrel has been realized from the highest point reached. Mess pork closing at \$28 to \$28.50 per barrel. In beef packing the business has been light, the demand for the product being of a very limited character.

General Trade

Our city merchants, owing to the low prices of domestic produce, thereby inducing moderate purchases in the interior, and to the shrinkage in value of stocks, consequent upon a gradual decline in gold, have been obliged to content themselves with small margins. The volume of business has been somewhat larger, and the breadth of country drawing its supplies from this city is constantly increasing. The territory west of the Missouri River, tributary to the Union Pacific Railroad, has been opened as a new field to Chicago enterprises, and a large business has been done in that direction. It is understood that interior merchants generally have light stocks, and with the opening of the spring trade it is expected the necessities of the country will bring to the wholesale trade of this city full life and vigor.

Efforts heretofore made to induce Congress to make Chicago, and other western cities, ports of entry for foreign goods received via the seaboard cities, have failed thus far, but will not be abandoned until their full accomplishment is realized. Goods, to a limited extent, are now received in bond, but they are subjected to examination, more or less damage, detention and expense, at the point of delivery by ship, which western merchants believe can be avoided by proper regulations for their prompt delivery in bond from the vessel to responsible transportation lines, subject to examination and appraisement, at this or other prominent cities in the West. * * *

Transportation

Probably no question is of more vital importance to the West than the subject of transportation. With our large surplus of the products of the earth, the mine and the forest, the question of how these products can be most cheaply forwarded to the consumer becomes one of universal interest, and in its results affects every individual to a greater or less extent. The introduction of rail-

roads has effected a wonderful change in the prosperity and wealth of all our western communities, and all along the lines of the thousands of miles of railway there have sprung up cities and villages as by an enchanter's wand. Farms have been cultivated, and prosperity and thrift have succeeded to the comparative wilderness of the years recently past.

But with increasing population and increasing production comes increasing needs for outlets for the surplus of the country. During the past year no new facilities for transportation eastward from Chicago have been opened. The railroad lines have, however, materially modified their rates of charges, and for a considerable portion of the year have maintained a tariff for western products at a point about as low as it has hitherto been held the business could be done for without positive loss. Forty-five cents per hundred pounds on grain from Chicago to New York is about one cent per ton per mile. This (which was the ruling rate for several months) is lower than it has ever been before. The rate by steam hence to Buffalo and thence by railroad to New York at one time touched 30 cents per 100 pounds for grain and 50 cents per barrel for flour, and ruled under 40 cents for grain for several weeks by the propeller line running in connection with the Erie Railway. These are unprecedentedly low rates. Lake freights by sail have been very low, both eastward and westward, and the returns to vessel owners have been very meagre. Freights on the New York canals have been, as a general thing, very low, and with the exception of short intervals quite unremunerative to the carrier, after paying the tolls imposed by the State of New York. A very slight reduction in canal tolls on corn and oats occurred September 20, but not sufficient to produce any apparent effect upon the volume of business. It is a proposition plain to any one who will examine the subject that unless the State of New York reduces the tolls on western produce to a point that will merely pay the cost of repairs and expenses, her canals must ere many years cease to be the great highway to market for those products. And it does not follow that when the business is diverted from her canals it will be necessarily transferred to her railways. Other cities are in active competition for the business by rail, and the history of the trade in corn, especially for the past few years, forcibly suggests the fact that the West finds purchasers for this commodity elsewhere than in the metropolis of that State. Until some relief can be afforded eastward from Buffalo there seems but little hope for any further abatement in charges from this point. The railroads running westward from Chicago do not seem inclined to make material concession unless compelled to do so by competition. It is believed many abatements might be made by them to the interest both of themselves and the people patronizing them, and it is hoped a more liberal policy in this regard may prevail. Railroad lines have been extended in all the States west and northwest of Chicago, prominent among which may be noted the completion of the Chicago, Rock Island & Pacific and the Chicago, Burlington & Quincy lines to Council Bluffs, making connection there with the line to California. The Union and Central Pacific roads were completed with

proper ceremonies on the 8th of May, since which time the business of the line, both in passenger and tonnage traffic, has been as large as was expected and is steadily increasing. The management is now in the hands of experienced and efficient gentlemen, and it is presumed a liberal policy will characterize its business with the public. Rates of fare and freight must necessarily be at a higher rate than on older lines having a large local business, but it is a question worthy of the careful consideration of those in charge whether it would not be a wise policy to abate the present high rates and induce a larger through as well as local business. Chicago may well complain of some of the discriminations made on this line. The tariff published to take effect Dec. 6, 1869, makes but 40 cents difference on first class freights, 5 cents on second class and no difference on third class between San Francisco and Chicago, or between San Francisco and New York and Boston, while some classes of freight are taken between San Francisco and New York at materially lower rates than between this city and San Francisco; but for this (as it seems to us) unjust discrimination, our dealers would have made much larger shipments, especially of butter, during the past few months.

It is becoming apparent that as competing lines of railroad are opened very much of the business hitherto carried on by water will be diverted to the rail, and while it is not expected that water lines will be abandoned or perhaps their volume of business reduced, it would seem that the most of the increase of traffic will be done by rail. And in this connection it may not be improper to suggest the absolute necessity of providing better means for the handling of grain in bulk. Very great losses have been sustained by shippers eastward from loss in weight at the point of delivery, and under the present arrangement of divided responsibility they are without remedy. Until grain can be receipted for at the point of shipment, specifically as to weight, there will be great dissatisfaction, and a much less business transacted than if these suggestions were complied with.

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Diversion of Trade from Chicago

During the early months of the past year a very vigorous effort was inaugurated by the merchants and press of St. Louis to divert the traffic in breadstuffs of the upper Mississippi Valley from its accustomed route via the lakes to that city, and thence via New Orleans to its ultimate destination and market. For this purpose a combination of merchants called "The St. Louis Grain Association" was formed, having for its apparent object the testing of the feasibility of that route, and indeed, many were more than half persuaded that a large diversion of Chicago and Milwaukee trade would result. It does not appear, however, that such will prove to be the case, as any known modes of transportation by that route are proving themselves more expensive than the route via the lake cities. The receipts of wheat at St. Louis for 1869, by the published reports from that city, seem to have been in excess of 1868 nearly 3,000,000 bushels. No means are at hand for determining in what months this excess occurred, but as the winter wheat crop of 1869, that is

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naturally tributary to St. Louis, was large, it is fair to presume at least a good portion of this increase occurred since the harvest. The receipts at Chicago for the first seven months of 1869 (when this effort of diversion was most active) was over 4,000,000 bushels in excess of the corresponding time in 1868. Only 74,358 bushels of wheat are reported as exported from New Orleans since September 1. How much, if any, of this came from northern States is not known. But as 218,439 bushels have been received at Chicago direct from St. Louis since September 1, over 80,000 bushels of it paying railroad transportation, it may be inferred that the merchants of that city have discovered that Chicago is the best outlet for their surplus wheat. If wheat, after being sent to St. Louis, seeks Chicago, as a market of sale, or point of transshipment, it would seem a wise policy to send it directly here rather than to subject it to the expense and delay of a trip to that city. The entire exports from New Orleans for the year ending September 1, 1869, are reported to be of wheat 138,976 bushels, and of corn 394,908 bushels—a diversion (providing it were all drawn from Chicago, though in point of fact little or none of it was) of not very formidable proportions. A few cargoes were sent to American eastern cities, but only sufficient to test the enterprise.

Direct Foreign Trade

This branch of business for the past year shows a marked increase, mainly in breadstuffs. The business hitherto had been confined almost entirely to provisions, but, owing to the high price of hog product, but little of it has been ordered during the autumn and winter. Low or medium grades of flour have been shipped to a considerable extent, and it is understood that orders are now awaiting fulfillment for both wheat and flour, if slight reductions can be secured on transportation charges, and the required concessions are likely to be made at an early day. Through bills of lading are given from Chicago to all the principal seaports in Great Britain and Ireland. Freights at this writing are nominal at 75 cents per 100 pounds grain and provisions, and \$1.50 per barrel for flour, payable in gold. By the courtesy of S. T. Webster, Esq., agent of the European freight line, copies of the reports of the trade and commerce of this city have been placed during the past summer with the Chambers of Commerce of several of the cities of Great Britain and Ireland, and as it is in contemplation to place samples of our grades of flour in the rooms of those organizations, it is anticipated that business may be promoted to the advantage of both them and us.

I have the honor to be, Mr. President,

Very respectfully, your obedient servant,

Charles Randolph, Secretary.

Monthly Range of Prices for Cattle and Hogs for Year 1869

	Cattle	Hogs
For week ending January 9.....	\$3.00@7.75	\$9.25@11.25
For week ending February 6.....	3.25@8.00	10.25@12.25
For week ending March 6.....	3.50@8.25	8.50@11.00

	Cattle	Hogs
For week ending April 3.....	3.50@7.75	8.75@11.00
For week ending May 1.....	4.50@7.75	8.50@10.25
For week ending June 5.....	5.25@7.75	8.00@ 9.30
For week ending July 3.....	4.00@7.75	8.25@ 9.40
For week ending August 7.....	3.25@7.25	8.00@10.00
For week ending September 4.....	3.25@8.00	8.25@ 9.90
For week ending October 2.....	2.75@7.25	8.50@10.60
For week ending November 6.....	2.50@7.25	7.85@10.00
For week ending December 4.....	2.50@7.25	8.40@11.00

Transportation

By lake—Navigation opened April 23 and closed November 29. The opening rates were: On wheat, per bushel to Buffalo, 7@7½ cents. Rates reached 4½ cents during May and advanced during June as high as 9 cents. The low point was reached in August at 3½ cents, after which they gradually rose, reaching 11½ cents the first week in November. By rail—Flour, per barrel to New York, started the year at \$1.50. By the middle of February it had fallen to \$1 and with the opening of navigation it fell to 90 cents. This rate was maintained through the summer months, reaching \$1.10 in October and advancing to \$1.30 in November and December. The first statistics as to freight from the Pacific coast are given in the Secretary's report for 1869, showing that the trade from California to Chicago that year amounted to 896,628 pounds, the shipments consisting of tea, wines, fruit and merchandise. Via lake and rail—The rates on flour per barrel to New York were 85 cents in April, this rate prevailing until July, when it went to 75 cents. During August, September and October it stood at 50@75 cents, advancing during the latter month to \$1.10 and closing the season at \$1.15. The arrivals at the port of Chicago from April 1 to December 1 were 13,551, and the clearances 13,764, averaging one arrival or clearance every twenty-five minutes. The total receipts of the Custom House for the year were \$785,633.36.

The supplemental report of the Secretary on the provision trade, covering the season of 1869-1870, was, in part, as follows:

"Pork packing in Chicago has been larger by 90,186 head of hogs than that of the previous season, while the average weight of the hogs cut was two pounds heavier, being equal to an increase of 96,974 hogs of the average weight of last season. The entire excess of the packing of the Mississippi Valley for 1869-70 over 1868-69 is only 96,070 hogs, while the general average of the whole this season is one pound less than that of the previous one, thus showing that while Chicago has increased both in the number of hogs packed, and in the weight of them, the remaining points, as an aggregate, have fallen off both in number and weight.

"No very marked changes have occurred in the number or names of city packers, the business being done in the main by the same parties as last year. It is a noticeable fact that one house has cut during the season over one hundred and fifty thousand hogs. This is believed to be the largest number ever cut by one house during any season or in any city.

"The business has been marked by great and sudden fluctuations in prices, especially of the product; these frequently occurring without corresponding changes in the price of the hogs; nevertheless it is understood the packing business has been reasonably profitable. The amount of speculative trading for future delivery has been very large, but mainly confined to mess pork. In this article at times the amount of contracts on the market was largely in excess of the entire packing of the season, the effect being to force prices beyond what they would have ranged had sales been made only on legitimate demand for consumption. Southern merchants have been large buyers of provisions, especially of cut meats, and with the increasing facilities for shipment by rail it may be presumed the future of this branch of trade will be very largely increased. The high prices prevailing in this country for meats, compared with those current in Europe, greatly restricted purchases for shipment to Great Britain, and it was not till late in the season that any considerable purchases were made for export.

"Beef packing has so largely fallen off at Chicago that it has ceased to demand any large degree of attention. The number of cattle received was larger in 1869 than for any year previously, but the business of packing beef has been less than for any of the past twenty years. The product has been in very light demand, its place being supplied largely by pork and fresh meats.

"The facilities for shipping fresh meats to the eastern cities by railroad, as recently inaugurated, have proved eminently satisfactory, and the business promises to increase and grow in favor.

Chas. Randolph, Secretary."

Receipts and shipments: Cattle received, 403,102; shipped, 294,717; hogs, received, 1,852,382; shipped, 1,285,955. Packed, cattle, 11,963; hogs, 688,140. The Chicago Produce & Provision Co. packed 150,427 head of hogs, being referred to by the Secretary as having packed the largest number ever recorded of a single house. A. E. Kent & Co. with 57,336 and Culbertson, Blair & Co. with 55,760 were their nearest competitors.

1870

The year 1870 opened gloomily for traders and farmers alike. The "Tribune" of January 1 published a statement from Omaha that "accounts from various points report the farmers as suffering severely owing to their inability to dispose of their grain at living prices." After the high prices of preceding years, 77 cents for wheat, 70 cents for corn, 40 cents for oats, 71 cents for rye and 75 cents for barley, seemed very small indeed, although before the first month had ended corn brought a slightly better price.

Local conditions for the Board were not improved by the strike of Western Union telegraphers, which, though of brief duration, the company being the winner, served to interrupt business temporarily.

The first move in the war between the warehousemen and the

traders and producers, which continued all through this year and several following years, was made by the elevator owners when they announced a new schedule of storage rates. Grain received from the cars was to be charged 2 cents per bushel storage for the first 20 days, and $\frac{1}{2}$ cent per bushel for each five days thereafter while in good condition. The announcement continued: "All grain that may become heated or out of condition while in store will be charged 1 cent per bushel for each additional five days, or part of same, that said grain may remain in store five days after notice has been given by posting said notice upon the bulletin board of the Chicago Board of Trade that such grain has become heated or out of condition." This order created much antagonism and reopened the controversy as to fraudulent warehouse receipts and other evils. It was openly declared on the floor of the exchange that such receipts had been floated at the time of the corner in corn in July, 1869, and in the corner in oats which took place in January, 1870. So much was said that the Directors took action and appointed a committee, consisting of H. C. Ranney, Julian S. Rumsey, J. Morton Millar, C. J. Gilbert and President J. M. Richards to confer with the warehousemen in order to arrive at some satisfactory understanding by which fraudulent receipts would be impossible in the future. Their proposal was a central agency for the registration of all receipts, and none not registered were to be dealt in by members of the Board.

The elevator men were asked to co-operate in this reform, and a meeting was held at which the elevator interests were represented by Munn, Scott, Buckingham, Hempstead and Preston. They declined to express themselves and took rather an antagonistic attitude. Nevertheless a new committee, consisting of Messrs. Rumsey, Millar and Ranney, was appointed to perfect the plan. This was the subject of much discussion on 'Change and in the newspapers. The "Times" espoused the cause of the elevator men and the "Tribune" took the opposing view. The "Tribune" replied to a "Times" article with the following, which clearly states the attitude of those seeking the reform:

"If it be true, as the 'Times' implies, that no regulations can be admitted which will interfere with the right of elevator proprietors to issue receipts for grain not in their possession, to charge storage on grain which never goes into their bins, to trade *ad libitum* on the property of other people which has been confided to them for safe keeping, and for that purpose only, if it be true that they must be permitted to do all this, and without interference or investigation, that the owners of property in that case cannot even have the privilege of knowing whether their property is in store or not; if all this is necessary to save the grain trade of the city from collapse, then we say the sooner a collapse comes the better."

The better class of traders, and, in fact, all those not financially interested in the elevator business, became more and more deter-

mined that changes must be made. Backed by this spirit in the Board of Trade the "Tribune" continued to pour its broadsides into the ranks of the warehousemen. On January 22 it added more to its list of charges, saying that grain shipped in is invariably short weight, from three to four bushels per car, and is also short in weighing out. Grain inspected at a certain grade is issued to holders of receipts as grain of a higher grade. There have been over issues of receipts; "split receipts" have been issued, the basis for which cannot be traced, and there have been false reports of heating. The "Tribune" insisted that there was an elevator trust or pool and urged State control. After some days the committee of the Board reported the following recommendations: First—Let the Board of Trade resolve that after a certain day no unregistered receipts shall be current to fill any transactions upon 'Change. Second—Let warehousemen cause to be printed or stamped across the face of their receipts, "Not valid for delivery from store until countersigned by the inspection registrar of the Board of Trade." Third—Let the Directors of the Board of Trade provide an office and appoint an inspection registrar. Fourth—Let receipts give number of car, name of boat or vessel, person from whom received and date, and permit the issue of no new receipt until the old one is cancelled. Fifth—Registrar to keep account of all grain delivered out of store the previous day and cancel the registration upon all such receipts. Although especially invited there were no warehousemen present at the meeting when this report was made and action was delayed in the effort to get them to agree to the new system. An adjourned meeting of the Directors was held Jan. 24, 1870, at which time Mr. Richards presented a resolution against ship subsidies and for more economical government, and the warehouse question was discussed. Mr. McCrea objected to the presence of reporters and they were excluded, much to their disgust. The Directors decided to lay the warehouse question before the full Board. That there was much feeling was shown by the letter from "An Old Member" on January 26. He stated that at first all grain was kept separate and sold by sample. Next all grain was dumped together and this had proven of advantage to the man who had poor grain and to the disadvantage of the man who had good. He asserted that corn, oats and even soil were thus sold as wheat, and he demanded more rigid inspection among other reforms. At the full meeting of the Board January 26 N. K. Fairbank moved, and it was carried, that the report of the committee, "looking to a registration of warehouse receipts," be accepted, and the Directors ordered to carry its provisions into effect, and to force the warehousemen to comply with the law. At the same meeting the resolutions against ship subsidies and recommending economy were not adopted, but were referred to the Commerce Committee.

The warehousemen absolutely refused the terms proposed by

the Board, and on January 30 the Tribune said: "The persistent refusal of the warehousemen to come to any practical arrangement with the Board of Trade for the registration of warehouse receipts affords strong presumptive evidence that the charges (or suspicions, if that phrase is preferred) brought against them are true. We understand that their response is that an agreement to the proposed plan of registration (making receipts not negotiable unless registered) would be equivalent to acknowledging that they are rascals. This is the answer which a rascal would naturally make when driven into a corner."

All this pressure, on the Exchange, in the press and through public opinion, finally brought the elevator men to a place where they thought some compromise advisable, and, in February, they presented a modified plan, which the Directors could not accept. In the meantime a petition was circulated asking the constitutional convention, then in session, to take action for the protection of the public against elevator frauds, combinations and over-issue of receipts and against transportation abuses and short weights. (At last the elevator men proposed as a compromise that they would yield to the registration of receipts, but they refused any inspection of cancelled receipts. Confronted with this spirit the Directors lost heart and decided that in the absence of any co-operation on the part of the warehousemen registration was impracticable and that they would drop the whole matter. This action aroused a storm of protest, the "Commercial Express" saying: "The attitude of the warehousemen is unreasonable and arbitrary." So strong was the protest that it was announced the next day that the directors would reconsider and carry the plan through. State papers took the matter up in behalf of shippers, the Peoria "Transcript" publishing a strong editorial in behalf of regulation.

Speaking of the session of 'Change for February 25, 1870, the "Tribune" throws an interesting sidelight on the times, saying: "The prospects of a return to specie payments, the reported backing down of some of the Directors on the subject of registration and The Blonde's matinee on Wabash avenue yesterday were the leading staples on the floor, leaving agricultural products to occupy a secondary place in the attention of the operators." In passing, it might be noted that "The Blonde's" burlesque troupe gave Chicago a seven day's sensation, when the leading lady and her friends horse-whipped the editor of the "Times," Mr. Storey, for criticisms of the play made in that paper, and that the lady was given a tremendous ovation at the opera house on the evening following.

The Directors finally decided to act on the elevator matter, with or without the consent of the warehousemen. This stronger attitude forced the warehousemen to yield somewhat, and the Directors adopted the plan first proposed, with the exception of the provision as to the cancellation of receipts. The reason given for

this was that it was believed that the warehousemen would have used this section as a lever to make the whole plan obnoxious. It was provided, however, that the warehousemen must report the amount of grain in store on Tuesday of each week. Mr. Rumsey told of the opposition of the warehousemen to this provision and upon his motion it was stricken out. It was provided that the plan should go into operation on April 4, and to cover the expense there was to be an extra inspection charge of 5 cents per car, 50 cents per canal boat and 10 cents per thousand bushels. The warehousemen were notified W. F. Tompkins was appointed registrar, and a committee on registration, consisting of H. A. Towner, D. W. Irwin and G. D. Watkins, was appointed. The warehousemen accepted this with ill-grace and frustrated one of its principal designs by reporting the total of each grain in store, without regard to grade. The "Tribune" of March 9, 1870, criticised this action as follows: "They thus hold themselves in readiness to mix and change grades ad libitum." And it was stated that the Board would take further measures to force compliance. The Inspection and Registration department was moved to the reading room on the Exchange floor and the reading room was moved to the floor above. Two railroads agreed to collect grain freights at the registrar's office, and it was reported that some of the warehousemen were weakening in their opposition. In the meantime some of the Board members weakened in their attitude and a petition was circulated stating that too summary action had been taken and that it should have been deferred until the annual meeting. The Secretary wrote the elevator men asking them to report by grades and this request was ignored. The warehouse question became the leading factor in the approaching election of the Board of Trade.

The feeling was further increased by the trouble between the Iowa elevator and the Northwestern Railway. The Iowa elevator offered to store grain for one cent for the first 20 days, and one-half cent for each ten days thereafter. They had a track laid within a few inches of the Northwestern lines for six months but were unable to get switch connections, and, with the announcement of the reduced rate, the Northwestern refused to deliver grain on a side track whence it could be taken by team by the proprietors of the Iowa elevator and others. The refusal was made on the ground that such delivery would violate the Northwestern's contract to deliver all grain to the "Wheeler" elevator. The Tribune of March 27th stated: "This morning five carloads of corn arrived in the city over the Northwestern and Spruance, Preston & Co. notified the railroad authorities that they wished the grain to be delivered to them. This was refused and it was repeated that the grain must go in the Wheeler elevator."

Just two days later the Supreme Court of Illinois handed down a decision that the Chicago & Alton had no right to impose an

extra charge of \$5 for delivery of grain to the National elevator. The warehouse act of 1867 was held constitutional and it was decided that a railroad must deliver grain to any warehouse on its line or side tracks to which it was consigned.

The "antiwarehouse monopoly" faction of the Board held a caucus and nominated a ticket for the coming election, J. S. Rumsey, president; B. F. Murphy, first vice-president; P. W. Dater, second vice-president. The Tribune was a champion of the anti-monopoly ticket and predicted that the election would be close and exciting and urged all members to vote. The Times attacked Rumsey and the warehouse men brought all their influence to bear against him. Rumsey was defeated by S. H. McCrea, but it was claimed that this was on account of the personal popularity of the latter, and that the majority of the anti-monopoly ticket was elected. The Board at this meeting passed a resolution to prosecute every violation of the warehouse law. A committee was also appointed to act with the packers and provision men for a revision of the rules for the packing and inspection of provisions, and the initiation fee was raised to \$100. At the election the vote stood: S. H. McCrea, 489; J. S. Rumsey, 381; for first vice-president, B. F. Murphy, 450; H. C. Ranney, 423; second vice-president, P. W. Dater, 769; S. T. Webster, 83. The directors elected were: D. H. Denton, E. F. Lawrence, W. H. Goodnow, O. S. Hough and A. H. Pickering.

On retiring, President J. M. Richards said in part, as follows: "Owing to the loss in inspection accounts, payments for soldiers' monument and the printing of our Secretary's report, our assets are somewhat less than a year ago. At present rates it is believed, however, the inspection account will be self-sustaining. Our membership is 1,342, an increase of 55 during the year. The members of the Board own, or represent the owners of nearly or quite all of the grain at all times stored in the elevators of the city. The elevator proprietors have a claim for storage only, and issue warehouse receipts to the owners to represent the grain. The Board wishes to know that the warehouse receipts outstanding at all times exactly correspond to the amount of grain in store and to secure this knowledge has established a registration of all warehouse receipts issued for grain received into store. The system will necessarily be incomplete until the elevator proprietors shall consent to allow our Inspection Registrar to cancel the warehouse receipts after the grain shall have been delivered on them. Whatever power the Board lacks to accomplish this indisputably correct object, it is hoped and expected will be conferred by the lawmakers of the State. The warehouse proprietors fail to comply with the law in making their return of grain in store. They issue warehouse receipts from each elevator but make their returns in one aggregate amount for several elevators. They also fail to report the amount of the different grades of grain, which much reduces the value of

these statements to the public. Such returns as they do make do not, in most cases, state by whom sworn to. The attorneys of the Board of Trade were, some time since, directed to apply to the courts to compel a compliance with the law by the warehousemen, and the matter has been delayed at the request of their attorney, owing to his illness. During the present week the papers will be filed in court to test the rights of the public under this feature of the law. At present each receiver of grain has to go to the several railroad and elevator offices to pay his freight and get his warehouse receipts. If this could all be done at one place it would save a large sum of money in the transaction of the grain trade of the city, all of which would, of course, be added to the value of the grain at the home of the producer. A reform so feasible and wise as this ought not to wait long for a consummation.

"All suits pending against the Board at the commencement of the year, or commenced during the year, have been dismissed by the complainants or the courts, and the right of the Board to manage its own commerce and business, so long as it does it in good faith and under its rules, is believed to be fully conceded.

"The business of handling and storing grain in Chicago should be open to competition. No other agency or means ever can, or ever will, properly regulate it. No single mind, or class of minds, if honestly intended, possesses wisdom enough to justly determine any business problem. It is also true that monopoly breeds selfishness, inefficiency and corruption. It is opposed to development and progress, and not only destroys a country, but itself. The failure of most legislation is an attempt to determine by individual judgment what can only be determined by competition. The genius of our country and of our age is to freedom from tyranny and monopoly, and the Board of Trade should, without delay, destroy a monopoly highly detrimental to every interest of the city. As a direct means of putting an end to this monopoly every railroad company should be required to deliver grain at any accessible place in Chicago that the owner or consignee may desire."

After such an expression from the President the order issued by the Rock Island Railroad was greatly displeasing to those desiring competition. The order was that all grain received in bulk by that road must be taken to the elevator connected with the track, whether the owner wishes it or not; permission to unload direct from the cars being only obtained from the elevator proprietors and then only on the payment of 2 cents per bushel for storage. In spite of this, S. L. Underwood, by legal process, forced the transfer of two cars at Englewood.

By whatever influence elected, the address delivered by the new president, S. H. McCrea, when he was installed, rang true and was filled with determination to have affairs honestly conducted. He said:

"The business of dealing in wheat receipts in this market has grown to gigantic proportions, and not only our own members and

citizens are interested, but also merchants at a distance are constantly investing large sums in these evidences of property. Surely, if it be possible to know it, it should be known that these issues are in every way proper and right, and it is no reflection on the integrity of the issuer of such receipts, if he be asked to make as clear as possible the record of these issues." He recommended a fuller and more perfect system of reporting grain in store, especially in regard to grades. Other addresses along the same line were made by B. F. Murphey and P. W. Dater, first and second vice presidents. At this installation it was announced that Chas. Randolph would continue as secretary. At this meeting also, J. C. Dore introduced a resolution, which was adopted, urging the necessity of improving rivers and canals in order to maintain cheap transportation, and asking the Constitutional convention to amend the section, already passed, to the effect that "The General Assembly shall never loan the credit of the state, or make appropriation from the treasury thereof, in aid of railroads or canals—by adding, "provided that the State may loan its credit for an amount of money the interest upon which will not exceed the net revenue of the canal and improved rivers, for the enlargement of the Illinois and Michigan canal, and the construction of a canal from the Illinois River, at or near Hennepin, to some point on the Mississippi River, with the necessary navigable feeders."

The struggle between shippers and dealers and the railroad men continued without abatement. In April Spruance, Preston & Co. brought three suits against the North Western Railway Company, one to compel that railroad to grant them permission to lay a switch to connect their elevator with the tracks of the company; a second to restrain the road from delivering to other elevators, grain consigned to their elevators, and the third for damages incurred by the failure of said company to so deliver grain to them in the past.

The latter part of April the elevators consented to report to the board by grades and this was followed by an act on the part of the directors which later was much criticized. The rates of inspection were lowered, from store to vessel per 1,000 bushels, from 60 cents to 50 cents, from store to cars from 45 cents to 40 cents, and from canal boat to store from \$2.50 per boat, to 50 cents per 1,000 bushels. This was satisfactory, as reductions in cost generally are, but it was followed by the statement that, thereafter, the Board would exercise no supervision over grain in store, but watch the inspection, in and out. This reduced the inspection force five or six men. The criticism was that this gave the warehousemen full control of the grain in store, enabling them to grade downward to the minimum point of excellence if they wish to do so. It was stated that several large dealers refused to allow the inspectors to "meddle" with their grain, preferring to sell by sample.

The great result of all these complaints was the adoption of

sections in the new constitution regulating both warehouses and railroads. This great basic enactment, known as the Constitution of 1870, was adopted in convention May 13, ratified by the people July 2, and went into force August 8, 1870. Article 13 made special provision for warehouses as follows:

"Section 1—All elevators or storehouses where grain or other property is stored for compensation, whether the property be kept separate or not, are declared to be public warehouses. Section 2—The owner, lessee, or manager of each and every public warehouse situated in any town or city of not less than one hundred thousand inhabitants, shall make weekly statements under oath, before some officer designated by law, and keep the same posted in some conspicuous place in the office of such warehouse, and shall also file a copy for public examination in such place as shall be designated by law, which statement shall correctly set forth the amount and grade of each and every kind of grain in such warehouse, together with such other property as may be stored therein, and what warehouse receipts have been issued, and are, at the time of making such statement, outstanding therefor, and shall, on the copy posted in the warehouse, note daily such changes as may be made in the quantity and grade of grain in such warehouse; and the different grades of grain shipped in separate lots shall not be mixed with inferior or superior grades, without the consent of the owner or consignee thereof. Section 3—The owners of property stored in any warehouse, or holder of a receipt for the same, shall always be at liberty to examine such property stored, and all the books and records of the warehouse in regard to such property. Section 4—All railroad companies and other common carriers on railroads shall weigh or measure grain at points where it is shipped, and receipt for the full amount, and shall be responsible for the delivery of such amount to the owner or consignee thereof at the place of destination. Section 5—All railroad companies receiving and transporting grain in bulk or otherwise, shall deliver the same to any consignee thereof, or any elevator or public warehouse to which it may be consigned, provided such consignee or elevator, or public warehouse can be reached by any track owned, leased, or used, or which can be used, by such railroad companies; and all railroad companies shall permit connections to be made with their track, so that any such consignee and any public warehouse, coal bank or coal yard, may be reached by the cars of said railroad. Section 6—It shall be the duty of the general assembly to pass all necessary laws to prevent the issue of false and fraudulent warehouse receipts, and to give full effect to this article of the constitution, which shall be liberally construed so as to protect producers and shippers. And the enumeration of the remedies herein named shall not be construed to deny to the general assembly the power to prescribe by law such other and further remedies as may be found expedient, or to deprive any person of existing common law remedies. Section 7—The general assembly shall pass laws for the inspection of grain, for the protection of producers, shippers, and receivers of grain and produce."

As will be seen, the provisions of the constitution of 1870 as to warehouses, are of wide character, and Section 6, of article 13 is so framed as to assure that they shall be liberally construed. The Board of Trade had a meeting, July 1, 1870, at which a resolution was passed urging all members to work and vote for the new constitution. The feeling against the warehousemen was again aroused when announcement was made, the latter part of July, 1870, that a great deal of grain was heating. The word of the elevator men and even of the inspectors was mistrusted by many. On July 28, the Tribune said:

"The name of a Chicago warehouseman has become a synonym with that of a pirate, in the agricultural districts and there has been ample justification therefor, although some innocent men suffer with the guilty. A man who sends one thousand bushels of wheat to Chicago and obtains a receipt for less than 950; who pays 2 cents storage, and is next day told his grain is 'hot' and is compelled to sell the receipt back to the warehousemen at a loss of 10 cents per bushel, and who sees the same grain sold and delivered next day as perfectly sound, and at full price, has just cause to pronounce this system of doing business a swindle and those engaged in it robbers. It can safely be affirmed that no man voluntarily sends his grain to Chicago who can send it elsewhere. Last year corn advanced 40 cents per bushel and the outstanding receipts were worth several millions of dollars, immediately 'hot corn' was announced and the elevators refused to permit their stock to be examined or to state the amount of receipts outstanding. Those receipts fell 40 cents per bushel. It is generally believed that the issue of bogus receipts was very large and that the profits of the fraud were enormous."

The day following the publication of the above editorial several elevator men and two or three inspectors called upon the Tribune for a retraction. This was partially made, but the Tribune insisted that the owners of grain should be allowed to care for their grain themselves when they wished, but it was admitted that the crop of 1869 was inferior and that there was much heating at Milwaukee as well as in Chicago.

The announcements of "heating" continued. The inspection committee made a new ruling that "all grain in a heating condition will be classed as "no grade." On the 8th of August Munger, Wheeler & Co., proprietors of the Galena elevator, declared that all No. 2 spring wheat received by them prior to August 1st was out of condition. These announcements, aided by the Prussian victories which presaged the early conclusion of the war then raging, completely demoralized the market. It was stated that the elevator men were not complying with the law regarding posting of notices and the condition was so grave that not only Board members but business men generally were urged to meet. The Flint and Thompson elevator was the only one where grain was reported in good

condition. A petition circulated on the floor of 'Change received many signers. The petition read:

"The undersigned members of the Board of Trade of Chicago, feel, in common with a majority of the business community, whether members of the Board or not, that the general business of the city is being seriously damaged by the reported condition of the wheat in the several elevators in the city, and we feel also, that a matter of such vital importance should have a full and thorough investigation, as the posting of so much grain out of condition has been the cause of great losses, vexations and hard sayings. And as there is certainly a very great chance for injustice to holders of receipts, in the way in which the Inspectors may designate any particular number of bins out of condition, and the owners of receipts have no means of knowing but that the number of receipts discredited by the proprietors would cover twice the amount, and it has come to our knowledge that, when cargoes have been loading, no wheat out of condition has been found; also that men have been to certain elevators and asked to see some of the wheat out of condition, and they have not been able to find any.

"Now, all such reports as the above are well calculated to cause distrust, and lead to harsh accusations, all of which is extremely detrimental to the business and welfare of all business men. Therefore, we would respectfully request your honorable body to take such steps as to you may seem just and proper in the premises so that in case no one has been unjustly injured it may be shown."

On August 23rd, Mr. Dunham introduced a resolution asking that the order of the directors that the chief grain inspector post all grain that was out of condition, be repealed, for the reason that since the Board ceased to exercise any control or supervision of grain while in store it had become impossible to ascertain the facts and the posting was of no value. Concerning this resolution the Tribune said: "There is no doubt that since the Board of Trade withdrew the inside inspectors from the warehouses, through motives of economy, they have opened a door for many complaints of fraud." It was urged that the Board discontinue all supervision, but insist that the warehousemen deliver as good grain as receipts call for. The motion by Mr. Dunham was tabled, but this did not end the agitation. The Commercial Express of August 25, 1870, said:

"The rottenness at the bottom of all this bad business is in the assumption that sound grain, reasonably clean, is perishable property. It is not perishable property, in fact, though it may easily be made so. This is where the statute should step in and define the duties and responsibilities of warehousemen with reference to sound, clean grain. Just think of the profit of allowing 5,000 bushels of wheat to get into bad condition, and on the strength of that fact, having the opportunity to buy 500,000 bushels of good wheat at 15 cents per bushel less than its value." The Tribune asserted that

posted grain was shipped to Milwaukee and there sold as regular No. 2, and added: "It is a noticeable fact that most of the posted receipts were bought by the warehousemen or their agents, at the reduction of 12@15 cents per bushel from the price of regular."

Feeling ran so high that a petition was presented to the President and the directors asking the dismissal of the chief grain inspector, R. McChesney. This petition was not heeded, but changes were made in the subordinate force. The new crop was good, however, and as the season advanced and the heating became a thing of the past the agitation ceased. A new angle of the case against the warehousemen developed in November, when the Tribune charged that much grain inspected and received as of low grade was later reported and delivered as of higher grade. In its issue of November 5 the Tribune published figures in support of this charge, stating that according to the Registrar there were in the elevators 245,297 bushels of No. 2 corn and 493,755 bushels of "rejected;" whereas the warehouse statement showed 553,131 bushels of No. 2 and but 139,210 of "rejected." The difference in price amounted to about \$11,500, and the Tribune claimed this discrepancy existed as to the other cereals.

It became apparent that the legislature would take some kind of drastic action to carry into effect the provisions of the new constitution. The elevator men and many members of the Board of Trade wished inspection left with the Board, while shippers and commission men, as a rule, favored state control. It was while this legislation was pending that the Board was stirred by the greatest scandal it had ever known. There came the sudden announcement, on January 12, 1871, that Chief Grain Inspector R. McChesney had been suspended, pending the return of a certain member who had been concerned with the Inspector in an irregularity in grain inspection. It was charged that about the end of October, 1870, a cargo of grain was shipped from the Flint and Thompson elevator, in the propeller Colorado, which cargo consisted of about 27,700 bushels of oats and about 8,000 No. 3 and rejected barley; the two being mixed together, and the inspector issuing a certificate which rated the whole as No. 2 oats. The inspector claimed that this was legitimate, that the oats were white, and superior to regular No. 2 and that just enough barley was mixed with them to reduce them to No. 2 standard. It was also claimed that the cargo was sold in Buffalo by sample and that the inspection certificates was not used. This announcement created a great furore on 'Change and in the press. Members who were opposed to the inspector were jubilant and applauded the directors for not hushing the matter up. The Tribune of January 17, 1871, charged that members of the inspection committee had been mixed up in questionable deals and that parties inside the directors' room had profited by advance

knowledge of the posting of grain out of condition the previous summer, to the extent of making deliveries of grain as "regular," which was declared "hot" a few minutes after the receipts had gone out of their hands. It soon developed that D. H. Denton, a director and member of the inspection committee, was the official involved with Mr. McChesney. Mr. Denton had been extremely popular with Board members as was shown by the fact that he received the highest vote for director at the election of 1870. The Tribune stated that this was the first time the integrity of an officer of the Board had been questioned but that there were a number of instances on record where officers had cast votes which took hundreds of dollars out of their own pockets. The Commercial Express also demanded a full investigation and declared that other questionable transactions would be brought to light. In the height of this exposé which focused the public mind upon the elevators and the inspection department, the railroads added fuel to the flame by their order that grain, consigned to other than the favored elevators must be shipped in bags. On January 27, 1871, the report of the directors in the McChesney case was made to the full Board. The meeting was called to order by President McCrea and the report read in part as follows:

"Whereas; It has been proven before this board of directors and admitted by the Chief Inspector of grain, an officer appointed by this board, that, under his sanction and direction, a certificate, improper in its character, was issued officially for the inspection of a certain cargo of grain, and,

Whereas; The said chief inspector has given no satisfactory reason for such fraudulent issue, offered no excuse or apology, except that he was requested, or directed, to do so by the owner of the grain who, however, denies having made any such request, or given any such order; therefore, be it

Resolved, That the resignation of the inspector be not accepted, but that Robert McChesney be removed from the office of Chief Inspector of grain under the appointment of this board, such removal to take effect immediately.

The testimony as to Mr. Denton's connection with the affair was presented to the full board, together with a letter from Mr. Denton, denying that he had been guilty of misconduct. The report of the directors was not well received. There was much sympathy for Mr. McChesney. He was an aged man and had been one of the most prominent figures on 'Change. Misfortune had come to him in full measure. But a few years previously, six of his family were victims of an epidemic, which swept Chicago, and recently he had lost all his property in one of the many corners, and at that time he had turned over all of his personal property to meet his obligations. It was argued that as a subordinate he was being treated with great severity, while the man, under whom

he was working, was not punished as severely as the facts seemed to warrant.

Members of the Board complained that Denton was being "whitewashed" and that the directors were dodging their responsibility. Murry Nelson moved that a committee be appointed to investigate both charges and named N. K. Fairbank, George Watson, W. H. Low, C. E. Culver and S. G. Hooker as the committee. Mr. Adams objected that this committee was friendly to Denton, and on the motion of Mr. Watson the entire matter was referred back to the directors. In the meantime Mr. McChesney claimed that he had not been given a fair hearing, that he had been practically forced to the act, that he was being made a scape-goat and that, if given the opportunity, he would disclose many questionable acts on the part of the inspection committee. It was decided to give the aged man an opportunity to defend himself before the full board, and, on February 2, 1871, there occurred one of the most dramatic meetings the Board of Trade has ever held. Nearly overcome with emotion Mr. McChesney made his appeal. He told of the misfortunes which had befallen him and said that through it all this was the first time his honor had been impugned. He accused members of the inspection committee with frequent interference with his work and with changes of orders and certificates without proper reason. He involved not only Mr. Denton, but Messrs. Sage, Lincoln, Dater and Munn. Mr. Lincoln spoke, defending himself, as did Mr. Dater and Mr. Munn, all denying any improper conduct, but alleging that McChesney had been arbitrary and had shown favoritism, and that it was necessary to revise his rulings at times. Nevertheless, there was much sympathy for Mr. McChesney and on motion of George Watson the directors were ordered to review the case. On the following day D. H. Denton was suspended from the inspection committee for alleged malfeasance, and, it was said that this was the first known case where an officer had used his office for his personal benefit. Upon the report on the McChesney case being referred back to the directors, President McCrea filed specific charges against Mr. Denton, which charges were sustained and the suspension from the board of directors was made permanent. When this report was made to the full Board, on February 10, 1871, it was not satisfactory to many members, who held that if an official had been guilty of misconduct it was not sufficient simply to suspend him from his office, but that he should be expelled from the Board. A motion to this effect was made by Mr. Ranney and seconded by Mr. Watson. Mr. Fairbank moved that as the amount involved was small, a vote of censure be passed and the case against Denton dropped. Neither of these motions suited the members, and it was finally decided to place Mr. Denton on trial before the whole board. This scandal created much comment throughout the entire west, and one result

was the circulation of a petition throughout the state, asking the legislature to place inspection of grain under state control. Hon. E. M. Haines introduced a bill in the Legislature, providing for state inspection, but allowing the Board of Trade to appoint the inspectors. At a meeting of the members held in the "Open" Board, Vice President Dater presided, and it was decided that the Board should support the Haines bill, with some minor changes. On March 1st, occurred the trial of Mr. Denton. George Watson, Wm. N. Brainard and C. J. Davis were appointed as a committee to conduct the prosecution, and N. K. Fairbank represented Mr. Denton. It was decided to admit new evidence and a letter was produced from the Buffalo purchaser of the grain in which he indicated that there had been fraud. Wirt Dexter, a member of the Board, charged that there had been irregularity in certificates issued to D. H. Lincoln and Co., and to P. W. Dater, and the Board was the scene of great excitement when these charges were made. The outcome of the trial was that the board of directors was sustained, Denton's resignation as a director was accepted and a vote of severe censure was passed.

The result of this affair and the many complaints which had been made was the passage of the warehouse law in April, 1871. This law took the inspection of grain out of the hands of the Board of Trade, and placed it in charge of the Railroad and Warehouse commission, which, as its name indicated, had charge of the regulation of warehouses and railroads, and the enforcement of the law regarding them.

This act went into force July 1, 1871. Section one provides that public warehouses shall be divided into three classes, to be designated as classes A, B and C, respectively. These classes are defined under section two as follows:

"Public warehouses, of class A, shall embrace all warehouses, elevators and granaries in which grain is stored in bulk, and in which the grain of different owners is mixed together, or in which grain is stored in such a manner that the identity of different lots or parcels cannot be accurately preserved; such warehouses, elevators or granaries being located in cities having not less than 100,000 inhabitants. Public warehouses of class B shall embrace all other warehouses, elevators or granaries in which grain is stored in bulk, and in which the grain of different owners is mixed together. Public warehouses of class C shall embrace all other warehouses or places where property of any kind is stored for a consideration."

The act provides for licenses and bond, and penalty for warehousemen doing business without a license. Other sections make provision against discrimination, provide for inspection, grading and mixing of grain, and for the manner of issuing receipts and cancelling same. Section 10, specifically provides that "No warehouseman in this state shall insert in any receipt issued by him,

any language in anywise limiting or modifying his liabilities or responsibility, as imposed by the laws of this state. Section 14 of this act provides for the appointment of a chief inspector, deputy inspectors, a warehouse registrar, etc. Section 21 provides that, in case any owner or consignee of grain shall be dissatisfied with the inspection of any lot of grain or shall, from any cause, desire to receive his property without its passing into store, he shall be at liberty to have the same withheld from going into any public warehouse (whether the property may have previously been consigned to such warehouse or not), by giving notice to the person or corporation in whose possession it may be at the time of giving such notice; and such grain shall be withheld from going into store, and be delivered to him, subject only to such proper charges as may be a lien upon it prior to such notice.

The warehouse men declared that they could comply with this law and that they must quit storing grain and buy and sell it themselves, thus avoiding the provisions of the law. The directors of the Board of Trade, also, considered the advisability of dropping the Registrar of receipts, as unnecessary under the new law. The new law also prescribed rates for storage, and this the warehouse men decided to fight as being unconstitutional. They held a meeting in June, 1871, and decided upon a definite course of action, and although they declined to meet the rates imposed by law, they reduced their charges to two cents per bushel for the first twenty days or part thereof, and one-half cent per bushel for each succeeding ten days, or part of ten days that the grain might remain in store. The rates fixed by law were 2 cents for 30 days, and $\frac{1}{2}$ cent for each succeeding 15 days. This indicated that the warehousemen did not propose to take out licenses and would store grain only for those who requested them to do so in writing. They asserted that they were ready to comply with the constitution, and would make weekly reports of grain in store, but that legal advice said the bill passed by the legislature was unconstitutional in more than one particular. Preparatory for the new law the warehousemen provided printed requests for the storage of grain. The new commissioners, Hon. Gustavus Koerner of St. Clair county, chairman; Richard P. Morgan, of McLean county, and D. S. Hammond, of Cook County, were appointed July 1, 1871, and at once began to organize for business. Hitchcock, Dupee and Evarts, attorneys for the Board of Trade, gave their opinion that the law was constitutional, but that probably it would not become effective until January 1, 1872. They held that certificates of inspection of the Board were superseded by those of the commission. (The railroads proposed to oppose the law by charging from eight to ten cents more per bushel for shipments to independent elevators, by the simple expedient of making a reduced rate of that amount on grain shipped to their elevators.) Another difficulty arose, for the new

law made no provision, so it was claimed, for discrimination between old grain and new. New barley was worth several cents more per bushel than old, and it was just the other way with wheat, oats and rye. It was predicted that the matter would come to a deadlock, unless some arrangement was entered into whereby the warehousemen should agree to recognize the difference between the two crops and deliver old grain on receipts which had been paid for on the understanding that old grain would be delivered when they were presented. The facts were held to show a serious defect in the law as it was very seldom that there was not a radical difference in the average quality of the crops of two succeeding years. The commission men were also afraid of a raise of rates when the railroads were obliged to guarantee weights under the new law.

The Chief Grain Inspector went ahead with his work, opening offices on the corner of Washington street and Fifth avenue, and appointing a corps of inspectors. These offices opened August 7th, and the Board immediately withdrew its inspectors and its registration force. One of the first acts of the inspector was to reject two boat-loads of grain. There were criticisms of inspections, quite naturally, by those opposed to the state system, but the high quality of the new crop made the task comparatively easy for the inspectors. The new crop was also abundant, and by October, 1871, it was found that the storage capacity of the city was about to become exhausted, grain was pouring into the market and there was already 6,000,000 bushels in store. The nominal capacity of the elevators was more than 11,000,000 bushels, but the working capacity was only 8,000,000 bushels. This was the condition of the elevators at the time of the great fire, and for a time this disaster ended all consideration of inspection laws or state control of warehouse or railroad rates.

Having traced the inspection and warehouse question to the time of the fire it is well to consider other matters which occupied the attention of the Board and the course of the markets during 1870. One subject which concerned all the business interests of Chicago, and for which the Board of Trade made a persistent effort was the establishment of a system by which imported goods could be inspected and duties paid thereon, here, rather than at the seaboard. This matter of justice to the western cities had been urged upon Congress for a number of years. The movement was opposed by New York and Boston and this opposition was resented by Chicago people who declared it was only for the purpose of hampering Chicago trade and that imported goods were delayed in the custom house from 30 to 90 days. Secretary of the Treasury Boutwell opposed the bill on the ground of added expense, claiming that smuggling would be promoted thereby. Philadelphia papers joined in the opposition, but in spite of it all Chicago, Cincinnati and St. Louis

won their point and the "port of entry" bill passed Congress in July, 1870. The Board seems to have borne no grudge against Secretary Boutwell, for in April, 1871, he was received on 'Change with marked honor, and addressed the members.

The packers' association was affiliated with and largely under the control of the Board of Trade. The packing season of 1870-1871 closed on March 15, 1871, but the association agreed that it should close on February 28th thereafter. This did not mean that actual packing should cease at that time, but that all pork packed after that date should be classed as "summer packed" and not be deliverable on contracts for regular pork. Later a committee of the Board of Trade was appointed to revise the rules concerning the packing industry. July 6, 1870, this committee reported to a meeting of packers and brokers recommending the following changes; that the board of directors appoint a committee of five on provision inspection, that the number of pieces must be branded on each barrel of mess pork, that the chief inspector should appoint sub-inspectors to visit daily each packing house which is packing pork and see that all barrels were marked with the proper date, etc. The committee also recommended a system of standard weights; that a barrel must weigh 200 pounds net after ten days, 205 pounds after 30 days, 210 pounds after 60 days and 212 pounds after 90 days, to be standard. This provision met with much opposition and aroused much discussion. The Tribune said, editorially, under date of July 12, "Our provision market last season was one of the most awkward affairs any man would wish to meddle with, and we have good reason to believe that numerous orders were placed elsewhere because buyers of pork from other places were afraid of being imposed upon by inferior brands." The chief opposition was on the part of speculators who were against the fixing of weights. There was much consultation between packers and dealers and it was not until Nov. 29, 1870, that the new rules were adopted by the Board.

During the year 1870 there were a number of minor happenings of interest to Board members and numerous resolutions were passed, showing the wide-awake interest which the Board of Trade took in all questions bearing upon the welfare of the commerce of the country. In March it was proposed to found a mutual insurance society in connection with the Board, and that upon the death of a member each surviving member should pay \$5 to his heirs. There is no record that this was acted upon at the time, although it was discussed somewhat at length.

An incident which well illustrated the high sense of honor maintained by very many of the Board members occurred in April, 1870, soon after the annual election. J. B. Hall declined to serve as a member of the arbitration committee for the ensuing year, claiming that N. T. Wright, of the firm of Wright and Beebe, was

morally entitled to the office as several votes were cast for a "Wright" with initials not owned by any member of the Board of Trade. Commenting upon this action the Tribune said "The controversy closed in a novel way, worthy of Damon and Pythias. J. B. Hall resigned yesterday, satisfied that the Board of Trade intended to give a majority of votes for N. T. Wright. Mr. Wright today refused the proffered honor, and, on his motion, Mr. Hall was requested to withdraw his resignation. He did so and between them the matter was 'Hall-Wright.'"

In July the Board petitioned Congress for a reduction of the duty on salt, this being done in the interest of the packers.

New rules regarding visitors' tickets were adopted in July, 1870. Tickets good for any 30 days, within three months, were to be sold at \$5, good for three months from date, at \$10; six months, \$16; one year, \$25. Visitors' tickets for strangers might be issued for two weeks within any month, without charge. P. W. Dater, P. L. Underwood, O. S. Hough, J. W. Preston, and C. W. Wheeler were appointed delegates to a Southern Commercial Convention held in Cincinnati in October, 1870. They attended but returned before the convention adjourned, being satisfied that it was simply a meeting to advocate some special interests. At the opening of the West Wisconsin Railway the Board of Trade was represented at the banquet at Eau Claire by Wm. E. Richardson and S. T. Webster, and their report to the Board urging the Northwestern to extend its line from Madison to Tomah to form a connection with the new road was adopted at a meeting held October 26. An amusing, but to some a costly incident, occurred in November, when for some reason the clock failed to strike at 3 o'clock. After that hour deliveries were not "regular" and disputes as to time made considerable financial difference to several members. In November the Board passed a resolution endorsing the building of the Baltimore & Ohio "Air Line," via Akron.

The spirit of the Exchange was still youthful, exuberant and at times unruly, and this led the directors, December 4, 1870, to pass the following resolution: "In view of the frequent scenes of disturbance and disorderly conduct by members on 'Change, the Directors will feel it to be their duty to exercise the power conferred upon them by the rules of the Board and will suspend any member who may in future be proven to have been an active participant in such improper scenes of disorderly conduct when on the floor of the Exchange."

December 4, 1870, the "Open Board" moved into its new quarters and resolved upon higher rates for membership. The dues were placed at \$20 for a single member, two members of one firm, \$30, and three or more members of the same firm, \$40. Visitors' tickets were placed at \$5 per month. The officers of the Open Board were: President, Thomas Whitney; Vice-President, H. C.

Ranney; Secretary and Treasurer, C. G. Cooley; Directors, W. N. Brainard, F. M. Mitchell, J. C. Whitmarsh, Geo. J. Brine and H. H. Ross. The new hall, which was in "Pope's Block," facing Madison Street, was dedicated December 19. It was 35x72 ft. in size and the rental was \$5,000 annually for the first two years and \$6,000 annually thereafter. The dedication served to bring the Open Board and the Board of Trade into closer touch. The speakers were Thos. Whitney, president of the Open Board; Charles Randolph, S. H. McCrea, president of the Board of Trade; Murry Nelson, George J. Brine and P. W. Dater. Soon after this it was proposed to consolidate the two Boards. It was argued that it would reduce expenses and give the Open Board a charter. It was proposed that the regular exchange be the market for cash sales and the Open Board room be devoted to options. On December 22nd the Open Board decided by unanimous vote to abandon its distinctive organization and turn over its property and lease to the Board of Trade, providing the directors of the Board of Trade would assume all responsibility, pecuniary and otherwise; the money already collected by the Open Board to be returned to its members. On the 24th the Board of Trade by an almost unanimous vote accepted this proposition, and the two bodies were amalgamated. One other act of importance was the appointment of P. W. Dater, Redmond Prindiville, V. A. Turpin, J. C. Guthrie and Secretary Randolph as delegates to the National Board of Trade which met at Buffalo on December 7th.

The year 1870 was one of great trial to all engaged in legitimate business in Chicago. After the close of the war there was a steady subsidence in the excitements produced by that great struggle and prices tended downwards towards the ordinary ante-bellum level, thus continually lessening the nominal value of property held by traders, when measured by a currency of changing value, and many classes of goods actually declined on a gold basis because of greater production in proportion to the demand. With each succeeding year this pressure grew harder to withstand because it was a load added to that which had gone before it.

The market for the first three months of 1870 was without speculative features and prices were comparatively steady. In March gold reached the lowest point for some years and prices were correspondingly depressed. In April there was a sudden rise in values. Several members were unable to meet their obligations and this brought more discussion of the question of ample margins. The Tribune recommended margins on all deals to shut out the "penniless scalpers" who were said to be willing to take profits but not losses. In May the Chicago market was helped by a reduction in tolls on the Erie Canal, the rate being reduced from three mills per thousand pounds per mile to one and one-half mills. The elevator rates at Buffalo were also reduced one cent per bushel

720 and these reductions, together with other market conditions, brought wheat above the dollar mark for the first time since Oct. 20, 1869, there being a sharp rise of 20c per bushel. By June, drought in France and England and troubles in the Balkans had created a strong foreign demand and sent prices up, especially on wheat. Prices in Chicago, however, were abnormally high, within eight or ten cents of New York prices, whereas the transportation cost was 22c per bushel. This caused the Chicago elevators to be filled to overflowing, and, anticipating lower prices, the banks refused to loan for speculative purposes. This caused a reaction and the price of wheat dropped eleven cents the following week. It was reported that many "longs," especially among out-of-town speculators, lost heavily as they were unable to forward margins quickly enough in the face of the rapid decline. The losses were reported to have reached \$300,000 and several commission houses were forced to suspend temporarily. About the 10th of July, 1870, came the first rumors of the Franco-Prussian war. Although these were discredited, as it was generally thought that Prussia was in no condition to fight, wheat prices advanced five cents on the following day. The declaration of war coming quickly afterwards caused a still greater boom in prices and added several cents more to the price of wheat. It was at this time that much wheat was declared out of condition and that the cries of warehouse frauds were renewed. The poor condition of the old wheat in store, unsettled confidence, the rapid mobilization of the Prussian army, its invasion of France and continued victories presaged an early conclusion of the war, and, within a month of the outbreak of hostilities, prices were greatly depreciated. The year closed with prices steady but with a marked advance over the opening prices of the year.

The course of the wheat market during this year was a singular one, the market being depressed to an unusual extent during nearly the whole year, except for the sudden rise in the spring and early summer, and the short term of about two weeks at the breaking out of the war between France and Prussia. The price of No. 2 spring of the crop of 1869 would scarcely average 90c per bushel, and that of 1870, though of very superior quality, barely averaged \$1.10, which was very low compared with the average of the preceding decade, especially considering that the wheat crop of the United States was fully 21,000,000 bushels less than for the year 1869. There was a great contrast between the quality of the two crops of spring wheat. That of 1869 was poor, particularly that grown in the southern part of the spring wheat region. Northern grown wheat was better and this was largely shipped to Milwaukee. The difference was such that there was a marked discrimination in eastern markets in favor of grain shipped from Milwaukee and this still further diverted wheat to that market. The inspection troubles

at Chicago also operated against it and dealers were forced to call their wheat "Milwaukee" in order to get a fair price for it.

Secretary Randolph gives a very complete review of the business conditions and the crop movements of the year 1870, and portions of his report are included herewith.

"The past year, like the one preceding it, has not been above a moderately profitable one in most branches of business, but probably Chicago had as little to complain of in this regard as any of the large cities of the country. In most kinds of merchandise and property, a considerable shrinkage in value has been realized, largely incident to the gradual decline in gold; or more properly the improvement in the real value of our currency; but it is gratifying to observe, that the widespread disaster that was by many, predicted as almost certain to follow our near approach to the specie standard, has not been realized, and as we have about half closed the gap that existed a year since between currency and coin, it may be safely hoped, that with prudence, we may at the close of the present, or at farthest, the next year, find the country safely arrived at substantially a specie basis of doing business.

"In the produce business the volume of business has not differed essentially from that of the previous year, notwithstanding the fact that the wheat crop of 1869, in the northwest, was a light one, as shown by the aggregate deliveries, and the corn crop of that year was the smallest since 1863. In lumber, also, the trade has been little different from 1869. Manufacturing is steadily increasing, and seems to be attended with satisfactory results. The lack of anything like complete statistics touching the extent of manufacturing in the city, is somewhat embarrassing, but still sufficient is known to justify the statement that they are of very respectable magnitude, and furnish employment to a large population. The United States census returns for the past year show a capital employed in the manufactures of the city of about \$28,000,000, with value of product amounting to over \$60,000,000, and persons employed, over 20,000; but, as the returns, in some respects, are so, glaringly erroneous and below the true facts, the whole must be accepted as at best but an approximation to the reality. Several new enterprises have been started within the year, but perhaps none that promise more substantial results for the general benefit of the city than the recent establishment of works for the reduction and smelting of the product of our mining territories. The works as yet in operation are, to some extent, experimental, but will, no doubt, be enlarged and improved, as experience shall suggest. Practical and scientific men seem to demonstrate satisfactorily, that in works of this character, properly constructed and operated, there is almost a certainty of very profitable returns, furnishing employment to many operatives, and bringing in its train a large and lucrative trade with the districts from which the ore is obtained. Chicago is peculiarly well situated to avail herself of these benefits; her lines of communication penetrate directly into the mining districts, and if this city can furnish a market for the products of those districts, at near their intrinsic value, the mining interest

will be greatly stimulated and developed, and the city and country will be greatly enriched. It becomes the enterprising capitalists of this city to encourage and build up this enterprise, securing the rich trade to flow therefrom, before it shall have been diverted into other channels.

"In the erection of new buildings there has been somewhat less expenditure than in 1869, but many costly and elegant structures, both of business houses and of private residences, have been completed or begun, and a few years of improvement such as has marked the past two or three years, will place Chicago among the most beautiful cities of the country. Prominent among the erections completed or in progress may be noticed several large and elegant hotels, at least two of which are expected to rank fully equal to any in America. Public improvements have kept pace with the general growth of the city; the water works, completed at large cost only some four years since, with an estimated capacity equal to the probable needs of the city for a generation, are found inadequate even for the necessities of today, though in no degree falling short of furnishing as large a supply as was anticipated, the consumption has increased so much beyond the estimate of a given population, that to meet the demand another tunnel under the lake is projected, and will be pushed forward with as little delay as possible. The success that attended the construction and use of one tunnel under the river has justified the construction of another, the present one connecting the north and south divisions of the city under the main river. It is expected to be fully ready for use during the coming spring or early summer. The widening of State street, south of Madison street, to its proportions north of that street, is going forward with all possible rapidity, and when completed, will make that street, as a business center, second to none in point of beauty or adaptability to trade in the country.

"No essential change has occurred in the amount or character of our banking facilities. Under the provisions of the law, passed at the last session of Congress, authorizing to some extent a re-distribution of banking facilities under the National Banking Act, one new national bank has been organized in this city, and is in successful operation, and it is understood another is about ready to commence business. Money has been reasonably easy during the most of the year at ten per cent interest for ordinary business transactions; perhaps it is more stringent at this time than at any time during the year, but this is believed to be but temporary, and is largely owing to the heavy amounts required to carry on the packing business, now at its height and very active.

"The business of the Clearing House for the year shows a gratifying increase. The entire amount of clearings for 1870 was \$810,676,036.28; for 1869 it was \$731,444,111.11, an increase of \$79,231,925.17. These figures represent the amount of checks on one bank deposited with another, and are not a very close approximation to the entire banking business of the city.

"The census returns of population in the city, while falling somewhat short of the estimate of some, are highly flattering, showing a population of 299,227 against 110,973 in 1860, an increase of

169 per cent in ten years, and this, too, without the absorption during that time of any suburban villages or cities, as has been the case in regard to some other large cities. The state of Illinois has increased from a population of 1,711,951 in 1860 to 2,527,910 in 1870, an increase of 48 per cent. The flour trade has been depressed and lifeless for almost the entire year. Millers have made less flour and probably at a less profit than in 1869, and that was by no means a lucrative year's business. It is a noticeable fact that the production of flour in this city shows a decline in both the past two years, and the falling off in receipts from the interior is also quite marked. This cannot be attributable to the lack of wheat from which to manufacture it, as our receipts of wheat have steadily increased, but the relative prices for flour and wheat have been in favor of the latter. This is almost always the case when there is any considerable demand for the export of breadstuffs, shippers to Europe seeming to prefer the grain. Our city millers have labored under somewhat of a disadvantage in that under our present system of handling grain they have usually been obliged to pay a storage charge on their wheat, the custom prevalent a few years since of sending choice samples of wheat to market in bags, having almost entirely ceased, the difference obtainable by sample not justifying the increased expense over the cost of shipping in bulk. It is hoped that different arrangements in regard to the delivering of grain in bulk may be inaugurated at an early day, and that millers and others desiring to receive grain from the cars directly, may be permitted to do so either on track, or that it may be delivered to them, when it is possible to do so at their mills, or other places of storage.

Wheat

"The receipts of wheat for the year have been 17,394,409 bushels, over 500,000 bushels in excess of 1869, and more than any previous year in the history of Chicago. The amount received from the crop of 1869, from January 1st to August 1st, was less than was anticipated a year since. The quality did not improve with the later deliveries, and in fact but a comparatively small percentage of the wheat received here, prior to the new crop, was in strictly sound condition. Large quantities were stored in the interior, especially at points on the upper Mississippi River, during the winter. This came forward in May and June, and proved to be in doubtful condition; much of it not actually damaged, but of a character likely to injure when stored in large quantities during the warm weather. Prices were maintained in this market at a point, considering the condition of the property, that caused buyers for shipment to act cautiously and slowly, hence the stock in store was kept up from 1,750,000 to 2,000,000 bushels, until after the middle of July, and a large portion of this had remained in bins for from six to eight months. About the middle of July, some of the wheat in store began to show decided signs of heating, and from time to time thereafter, considerable quantities of it were posted as being more or less damaged; the prices for such was greatly depreciated from the current price of that supposed to be in fair condition, and was finally worked off by degrees, in some cases at a ruinous loss.

"The crop of spring wheat for 1870, while probably not a large one, is, compared with that of 1869, of very superior quality. The receipts since August 1st have been 10,209,044 bushels, corresponding time last year, 7,610,926 bushels. Many familiar with the facts estimate that a larger percentage than usual has been marketed during the autumn months, and hence conclude that our receipts hence to August 1st will be no larger than last year. The high character of the wheat received at this point since August, has sensibly improved the reputation of Chicago as a desirable market in which to purchase; and whatever of discredit previously attached to our market in this regard has passed away. The winter wheat crop of 1870, in the west, was not equal to that of 1869, and many points that last year had a local surplus are now, or are likely to be, purchasers in our market for consumption; and the depressing influence of the presence in the eastern markets of large quantities of winter wheat is no longer felt. The export demand has been fair during a portion of the year, and in view of the necessary waste of war between the immense armies of two powerful nations now in progress in Europe, and the fact that the European wheat crops were at best only moderately fair, it may be fairly inferred that a reasonably good demand is likely to exist for all the wheat the United States may have to spare until another harvest. The Agricultural Bureau at Washington estimates the product of the principal wheat producing states as considerably less than in 1869. Prices at the close of the year are strong at 108 to 109 cents for No. 2 spring and many predict a much higher range before spring."

Corn

The corn crop of 1869, at the West, was small in quantity and generally of inferior quality, yielding a less surplus for market than was anticipated a year since. The receipts at this point for the year were 20,189,775 bushels and the shipments 17,777,377; the receipts being more than 3,000,000 bushels less than the preceding year, the loss being chiefly in receipts by canal. Considerable amounts from the Illinois River were shipped to St. Louis to meet the demand of the southern states. Prices throughout the year were uniform, gradually lowering as the new crop came in. Increased distilling made a larger city demand, but the export trade was small, the needs of this country demanding all the surplus of the corn producing states at a price which would not admit export. Rail shipments to New England and other eastern points were large and those to New York comparatively small. Corn was kept in good condition and there was little speculative excitement, the trade being more healthy and satisfactory than during 1869. The Tribune, in its resume of trade for the year, stated that "The corn crop of the past year (1870) is an immense one, though it is reported to have suffered somewhat in the east and in Kansas and Nebraska. The quality is excellent. A better crop has never been raised in the United States, and the dry weather has been peculiarly favorable to it, while the absence of early frost prevented injury." The Agricultural Bureau estimated the crop at over 1,100,000,000 bushels as against 884,000,000 in 1869, the principal increase being in the western states.

Oats

The oat crop, which amounted to about 288,000,000 bushels in the whole United States in 1869, fell off to the extent of about five per cent in 1870, the decrease being largely in the West. Receipts at Chicago were 10,472,078 bushels as against 10,611,940 in 1869. Shipments were 8,507,735 as compared with 8,800,646 the year before. Prices ruled low and generally dull and there was practically no excitement in the market during the year.

Rye

Rye receipts for 1870 were 1,093,493 bushels, and in 1869, 955,201. Shipments, 1870, 913,629; 1869, 798,744. Trade was dull and lifeless and the local demand small, distillers using inferior grades of wheat, instead of rye to a considerable extent.

Barley

But little Canadian barley was shipped to this market, although the year before the barley from Canada amounted to several hundred thousand bushels. Receipts were, in 1870, 3,335,653 bushels; in 1869, 1,513,110 bushels. Shipments, in 1870, 2,584,692; in 1869, 633,753 bushels. The crop of 1870 proved the largest and best ever grown in the West. Immediately after harvest, the quality of our barley being known to be good, and under reports of a reduced yield in Canada and New York, prices were rapidly advanced from about \$1.05, the price of new No. 2, on August 1st, to \$1.16 on August 26th. About this time the fact developed that large quantities of malt remained on hand at the East; that the Canadian crop was better than anticipated, and that the western crop had been underestimated in quantity, thereupon the price steadily decreased until 80 cents was reached in October, after which the market ruled comparatively steady, although declining, the price December 31st being 68@70 cents.

Provisions

The market for pork product since the beginning of the year has been marked by a steady and healthy demand. Stocks have been light at all prominent points, and the consumptive requirements have gradually absorbed the offerings, so that at the beginning of the present packing season all markets were nearly bare. The newly packed product has found ready purchasers, though at lower and declining rates. Meats only partly cured have been taken promptly, not only by purchasers for Eastern and Southern markets, but the low prices have called out orders for considerable shipment to Europe, and it now seems quite probable that the season's product, however large it may be, will find a market at or above the range of prices current at the close of the year. The number of hogs to be received here during the present packing season promises to be considerably larger than last season, while the weight will be above the average of last year, probably to the extent of 18 to 20 per cent. The large crop of corn has stimulated free feeding, especially at points remote from market, as the corn

is likely to net a better price converted into pork than in any other way. So far as present indications point to probabilities, it appears that Chicago is likely to pack, the present season, a larger percentage of the entire hog crop than for several seasons past. The number of hogs, live and dressed, received during 1870 was 1,953,372; in 1869, 1,852,382.

Beef packing has dwindled into comparative insignificance in this city, but during the past season large numbers of cattle have been slaughtered by Chicago packers at Kansas City and other points convenient to the pasturage grounds of cattle. The receipts of cattle have been 532,964 head; in 1869, 403,102 head.

Relative to lumber the secretary stated trade had improved and been more profitable on account of cheaper production. The production of highwines was also in excess of any the city had known, but the secretary urges a rebate of the tax for liquors exported as necessary to encourage manufacture. The wool market was quoted as dull, and hides about the same as the year previous, but with lower prices.

Relative to transportation the secretary said: "Freights by rail eastward have ruled moderately low during the season, but have not touched as low a figure as during 1869. Lake freights have been at about the same range as last year. The tolls on the Erie Canal were reduced nearly one-half on grain last spring, which caused an increase to some extent in the shipments by that route, but as but little corn was shipped to New York City, and for a good portion of the summer shippers were afraid to risk our spring wheat in boats for ten days to two weeks, large amounts were sent by rail that would have gone by canal had the condition of the grain been as good as usual.

The people of New York, at the last state election, decided adversely to a proposition submitted for so amending their constitution as to permit a refunding of the canal debt of the state in a manner that would permit a reduced toll-sheet to pay off the debt at the maturity of the extension rather than requiring the full payment at early maturity. It is believed that the exact nature of the proposition was not understood by the people, and that under a more full discussion of the subject a different result would be obtained. It is uncertain as yet whether the tolls, as fixed last spring, will remain for the coming season, or whether they may be put back to the previous rates. It would seem to be a pretty well established fact that at those rates the canal can illy compete with rail transportation, especially with the present size of the locks. And unless the people of that State are disposed to adopt a liberal policy in reference to their canals, they will be apt to find, at no distant day, the revenues diminished and their debt still unpaid. The Canadian Government seems to be waking up to the fact that they hold, to a considerable extent, the key to the situation, so far as the lake interest is concerned, and it is hoped, and confidently expected, that liberal measures will be adopted at the approaching session of the Dominion Parliament. If the West can secure access to Lake Ontario for our largest vessels, there would at once be opened means of transit from thence to all points, including New

York City, at a material reduction from rates hitherto current, a large portion of which would innure directly to the benefit of western farmers. But little further reduction can be hoped for on rates hence by rail to the seaboard; certainly not, unless water communication forces rates down by competition. The projected canal from the St. Lawrence River to Lake Champlain merits the encouragement of all desiring the cheapest and best means of communication to New York; and the proposed new canal around the Falls of Niagara, on the Canada side, is a work in which every western man must feel the liveliest interest.

"The Baltimore & Ohio Railroad managers have projected a new line from Pittsburgh to this city, and that enterprise promises great advantages to this city and the West. It is expected that the line will be in operation within two years. A new line hence to Minnesota, in connection with the Chicago & Northwestern Railroad, is being rapidly pushed to completion; this will be of immense advantage to this city, as hitherto our most direct lines in that direction have been largely tributary to a corporation centering in Milwaukee; this resulted in better rates for grain and flour to Milwaukee than to this city, and so much of Minnesota business as has come to Chicago has been obliged to encounter this unfavorable competition. This is particularly true in regard to flour, and everything else being equal, the shipper to Milwaukee has had about ten cents the barrel the advantage over the shipper to Chicago; nevertheless, as other things have not been equal, Chicago has held a fair share of the trade. The practice of issuing bills of lading at through rates from remote interior points to Eastern cities at less than the property can be shipped to Chicago and thence eastward for, has worked against our interests, and our Western roads ought not to be parties to a policy so manifestly unjust to the city that so largely supplies them with the bulk of their business."

1871

The year 1871 opened with fair business prospects and with a steady but advancing market. The attention of the members, other than that given to business transactions, was directed during the first months of the year very largely toward the warehouse question and the McChesney-Denton sensation, which has already been related. The Franco-Prussian war was still in progress, but the outcome was then a foregone conclusion, and the news of the fall of Paris, received in January, only served to strengthen the market. An echo of the war was the appropriation of \$5,000 by the Board for the relief of the distress in France.

On February 21st, A. P. B. Scolly resigned as weighmaster and Calvin Carr was appointed in his place, to take effect March 1. A dispute arose between the vessel owners and the Chicago Towing Association, and the former agreed to patronize a proposed opposition towing line, which agreed to charge less than the rate in force in 1869. Another question which greatly interested the members was the opening of the Illinois & Michigan Canal. This had been

closed for improvements early in the previous season and the members of the board felt that the opening was being delayed. A committee consisting of G. W. Adams, Edward Hempstead and H. Spruance was appointed to confer with the canal commissioners, and it was reported that the canal would be opened April 15. This was not satisfactory to the Board and on March 24, the Board of Public Works was petitioned to open the canal as speedily as possible.

The election of April, 1871, was unexciting, J. W. Preston winning by a comfortable margin over his opponent, G. M. How. Other officers elected were Charles E. Culver, First Vice President; William N. Brainard, Second Vice President; Josiah Stiles, J. H. Dwight, I. P. Rumsey, A. M. Wright and I. N. Ash, Directors. Charles Randolph was again made Secretary; Orson Smith, Treasurer, and Charles Hitchcock was chosen as attorney. The membership was 1,272, the receipts \$106,804,000 and the expenditures \$104,347,000. The assets were given as \$16,393, and the expenditures, including a balance of \$1,931, paid on the soldiers' monument. At the annual meeting the delegates to the National Board of Trade made their report, stating that the national body had passed resolutions favoring the giving of "clean" bills of lading for grain in bulk by railroad; approving and recommending the cental system of weight; the abolishment of all laws, state and municipal, that restrict interstate commerce; the establishment of a department of commerce by the general Government; the repeal of the franking privilege; the revision of the tariff, and the reduction of duties to a revenue standard; civil service reform, the early return to a specie basis; the abolishment of usury laws and the improvement of navigable rivers by the General Government.

The margin fund had by this time grown to considerable proportion and the disposition of this fund was said to have been one of the controlling factors in the election. It was estimated that the average amount held in margins was about \$100,000, and the question was who should control this money and what interest should be paid for its use. It was decided that the treasurer should pay 5 per cent to depositors of margins and should give a bond of \$500,000. In May the Franco-Prussian war came to an end and on the 19th the Board voted to adjourn on the 29th to join in the celebration of "European peace day." In the meantime, O. L. Parker had been appointed Chief Grain Inspector, which position he held until the new law placed the inspection of grain under state control.

Despite the protests of the Board of Trade over the delay, it was not until July 15 that the ringing of the court house bell announced that the canal gates had been opened and the waters of the south branch permitted to run into the waterway on its route to

the Gulf of Mexico. The announcement was received on 'Change with enthusiastic cheers.

The first real sensation on 'Change, in what had been rather a humdrum year, occurred July 15. Speaking of the market for that day, the "Tribune" said: "There was more excitement on 'Change today than for a long time past, owing to a notable weakness in wheat, corn and rye and an irregular sharp advance in oats. So many marked changes in quotations have not been known for a long time and the feeling was quite panicky at times." On July 19 the "Tribune" added: "The great difference in wheat and oats between the prices paid for delivery this month and those charged for seller August (amounting to seven cents on wheat and five cents on oats) has given rise to the cry of 'corner,' and it was stated today that an attempt would be made to re-effect the passage of the old Rule 13 which was abolished last October, being found to be impracticable. In other words, parties who have sold grain which they did not own want to be relieved from the responsibility of their own acts, though they would have been perfectly willing to take the profits if the market had gone in their favor." The motion above referred to was introduced before the Board and created controversy. Prominent parties in Buffalo took the matter up and gave notice that they would cease to trade in the Chicago market if the rule was re-enacted. The motion was laid over for ten days. On July 19, S. H. McCrea introduced a resolution stating that the proposal at that time to re-enact Rule 13 could only be construed as an attempt to injure parties who would be affected by its passage and would reflect upon the commercial honor of the Board, and asking that the notice posted be removed and the consideration of the motion indefinitely postponed. No action was taken on this motion, but such sentiment was developed that the proposal to re-enact Rule 13 was withdrawn.

The corner culminated the last of July, and speaking of the session of August 2nd, the "Tribune's" market reporter said: "Today was one of the most excited ever known in the history of the produce markets in this city since the days of the war, almost to be compared to Black Friday. The cause was the general call for margins of the part of short sellers and large margins at that. The call was widely responded to, fully \$2,000,000 being deposited with the treasurer of the Board of Trade before eleven o'clock. There has been a shrinkage of \$3,000,000 in the value of farm products in this market during the past month, but in spite of this there has been scarcely a single failure."

During the summer of 1871 there were two events relative to the foreign trade which should be mentioned. A shipment of provisions for England, leaving Chicago July 10, via Boston, arrived at Liverpool, July 26, this being a record trip at that time; also the first carload of goods in bond reached Chicago about August 15,

thus showing that the western cities had won their fight against customs delays.

The new State inspection made a ruling that mixed or "doctored" grain must be graded as of the lowest of its ingredients, and this aided to some extent the combination which again cornered the wheat market for the first half of August. The combination was a strong one and had complete control of the market. On August 15 it was reported that agents of the combine were buying all wheat offered at \$1.12 and offering to sell, in settlement, at \$1.09½. J. H. Marshall again offered Rule 13 as an amendment, and S. H. McCrea again opposed it. There was much feeling, but the majority seemed of the opinion that the losers must "pay up or quit."

Having been moderately successful in its operations in the first half of August, the combination decided to carry the deal along until the last of the month. Several million bushels of No. 2 spring wheat were bought from different parties for August delivery. The combine already held all the wheat here and by buying all the current receipts they hoped to make the shorts settle at their own figures. On August 29, wheat for August delivery was 15 cents higher than September wheat. The shorts made every possible effort to meet the emergency. Every railroad was rushed with trainloads of wheat, large quantities were purchased in Milwaukee and one vessel was so heavily loaded that it grounded in the Chicago harbor. On the 30th the price continued to rise, the combine, however, selling to millers at five cents under the market. On the 31st the price was \$1.29½@1.30, at which latter price the manipulators had determined to settle. At this time one of their representatives on 'Change offered to settle any quantity wanted at \$1.30. A prominent operator quickly said that he would take two million bushels. The agent received this as a joke, but the operator insisted that it was a fair trade and that the grain must be actually delivered that day. This was a physical impossibility, as the combine held less than a half million bushels of spot wheat, and they were forced to turn to the bear side of the market. Their holdings were ordered sold and the market quickly broke to \$1.10, just at the time when the majority were expecting the price to reach \$1.50. The ring made an estimated profit of more than \$200,000. Among the losers were those who paid \$1.14@1.15 for wheat in Milwaukee, transported it to Chicago and sold at \$1.12. This corner was bitterly commented upon by the Chicago papers. It was said that vessels were standing idle in the harbor because shippers could not pay the speculative price, and many mills were closed and others forced to run on half time. There was also the usual effort to re-enact Rule 13.

In August the courts handed down a decision which was a severe blow to those who hoped to see competition in the elevator

business, in the case of *Hempstead vs. the Chicago & Alton Railroad*. The decision was that a railroad was obliged to deliver grain to any elevator reached by its own tracks, but was not obliged to enter into any arrangement to deliver over the tracks of another road.

August 31 the motion to rehabilitate Rule 13 was voted down, but when, a week later, the directors proposed a general recodification and consolidation of the rules, with the election to be changed from April to January, there was opposition on the ground that Rule 13 would again be introduced. Nevertheless, the rules were amended substantially as the directors suggested on September 19. Among the changes were the omission of the section of Rule 5 demanding that suspensions be made public, and insertion of a suspension clause for personal misconduct. Relative to margins, the new rules provided that they could not be demanded to exceed 10 per cent of the values on the day demand was made, and that the party called on for margins was entitled to any difference in his favor between the market price and the contract price. A deposit made to equalize the contract price with the market price was to be considered as a deposit for security and not as a margin. Calls for margins must be responded to within the next banking hour, except when call was made during the exchange hours, from 11 a. m. to 1 p. m., the deposit must be made before 2 p. m. of the same day. Among other actions of the Board were the unanimous passage of a resolution in favor of the Niagara Canal and the refusal to appropriate \$2,000 to help pay the deficit of \$2,900 incurred by the Swine Exhibit. As if in prophecy of the great conflagration soon to come, the Burlington warehouse burned October 1 with a loss of \$600,000.

Then came the great fire, the history of which is burned into the memory of every Chicagoan. The story has been told so often that it is not the intention to repeat it here save as it affected the Board of Trade as an organization. The fire of October 8 was by far the greatest Chicago had ever known, and it alone was an appalling disaster, but the "Tribune" speaks of it not as an overwhelming calamity but as if it was well-nigh under control. Within the next two days the whole heart of Chicago was a mass of ruins. In considering the state of the Board of Trade it must be remembered that the loss of the exchange building with its records and its sacred mementoes was not the chief loss sustained by its members. Practically all of them had offices in the neighborhood of the Chamber of Commerce Building, and all their private records and the books of their business were destroyed. Their bank deposits were locked in red-hot vaults from which no one could tell in what condition they would be taken. Many of the members lived within the fire zone and they were homeless, without food, and with little more than the clothes on their backs. There have

been in history many of these great and overwhelming catastrophes of war and pestilence and sudden calamity, and if any proof were needed that God made man in His own image it could be found in the way such terrible disasters transform men into heroes. The smoke had not rolled away, the embers were still red, fitful flames still lighted the blackened ruins, when the first newspaper printed in Chicago after the fire published the call for a meeting of the Board of Trade. The meeting was held October 10, 1871, at 51-53 South Canal Street, and the first and only business transacted was the appointment of a relief committee of one hundred. President Preston was the chairman of the committee; J. C. Wiswell, secretary, and the executive committee consisted of V. A. Turpin, Moses Jones, Ammi Bennett, T. H. Seymour and O. W. Clapp, and back of them stood the one hundred, and back of them every member of the Board of Trade. It was quick, emergency work, worthy of the great institution and of the great, grief-stricken city. Not only was this important, but the Board had a great economic function to perform. It was the business agent of the entire West, and its work must be done. There were hundreds of cars of grain in transit at the time of the fire, and there were thousands more which were still looking to Chicago for a market. Even had they wished to stop, it was imperative that the work of the Exchange should go on. The Chicago Relief and Aid Society was designated by Mayor R. B. Mason to receive and distribute all contributions for the needy. It not only contained many Board members, but its chief executives were called from the ranks of the Board of Trade. Murry Nelson was chairman of the committee on receiving, storing and sorting the supplies sent by the generous and sympathetic people of the whole nation. N. K. Fairbank was chairman of the committee on employment, and Wirt Dexter was chairman of the committee on correspondence, as well as of the executive committee of the Relief and Aid Society. The headquarters for the relief committee were at 409 West Washington Street, just west of Elizabeth. On October 13 the "Tribune" resumed publication from its temporary quarters at 15 South Canal Street, and its issue of that date tells of the proceedings of the Board of Trade at the meeting held October 12. The "Tribune" said:

"There is still but little doing in produce circles, but our commission merchants and grain dealers are hard at work in preparing to open out again on a full scale just as soon as pecuniary arrangements will permit, which will be in a day or two, probably the first of next week. A goodly number of them are busy helping to distribute food and clothing to the destitute, the remainder are fitting up offices in the vicinity of the temporary Board of Trade rooms, mostly on Canal and West Washington streets, pending which their headquarters are 51-53 Canal street, where the Board will do business until the Chamber of Commerce can be rebuilt. The feeling today was 50 per cent more hopeful than yesterday. Re-

ports were received and read by the Secretary in rapid succession announcing the cheering prospect that the banks and insurance companies will speedily redeem their obligations to the public. Produce is coming in rather slowly as the railroads cannot spare many cars, nor could the elevators handle much grain in the present unsettled state of affairs.

"The grain inspectors are at work and will report tomorrow. Some grain is moving out. About four cargoes were reported today from the Northwestern and Armour, Dole & Co. elevators. Rates: 11 cents for wheat, 10 cents for corn and $7\frac{1}{2}$ cents for oats by sail to Buffalo. Wheat by steam is 15 cents. The Chamber of Commerce Association has received \$100,000 to proceed with the reconstruction of their building. It is thought by some that an effort will be made to induce the Board of Trade to seek other quarters than that. In such a case the Chamber of Commerce would probably organize a new Board under their charter. The provision dealers held a meeting at noon today, but accomplished nothing. It was proposed by some to form a separate organization to meet in the south division, the project being supported by a minority, including our heaviest packers. No vote was taken on the matter and it will probably be considered again at an early day. The safe of the Chamber of Commerce was opened today and the contents rescued in first-class condition."

On the 14th it was stated that the Board had tried to rent a store on West Randolph street, but the owner asked a most exorbitant rent. The next day 100 soldiers were detailed to take possession of the store for relief purposes, and they did so at the point of the bayonet. The "Tribune" adds: "Serves the old Shylock right." On the 13th the produce dealers attempted to resume business to some extent, but there was not much done except in small lots for home use. There was a larger attendance and the talk was less of the fire and more of the new location, there being much argument as to the proposal to move to Burlington Hall in the south division. The directors, however, seem to have had no doubts as to the proper course. They leased the quarters in which they were located for \$1,500 per year and entered into an agreement with the Chamber of Commerce to move back to the former location as soon as the building was reconstructed, which was promised within twelve months. Much rivalry sprang up as to the location, and the "Tribune" said it was a reminder of the struggle thirty-eight years before, "between the west side (Wolf's Point) and the south side of the river." The resolution of the directors, which was framed in the true spirit of Chicago helpfulness and integrity, was as follows: "That the Board of Directors of the Board of Trade hereby notify the Chamber of Commerce corporation that this Board will comply with the provisions of the lease we hold from them, and that, in conformity with the lease, the Board hereby requires the Chamber of Commerce to reconstruct at once their building in as good shape and condition as it was originally, and

it is the wish of the Board to occupy the building at the earliest possible day." Another great problem confronting the Board was the disposition of the grain damaged by the fire. To meet this emergency, at the request of representatives of insurance companies and others the directors named a committee to salvage the grain and sell it to the best advantage of all concerned. The committee was a general one, but was divided into sections to deal with the grain in the different burned elevators. The committee was empowered to employ labor and to secure storage quarters and to effect a sale. The committee was as follows: North side elevators, J. B. Lyon, S. H. McCrea, C. W. Wheeler; central elevator "A," E. Buckingham, M. S. Bacon, Josiah Stiles; national elevator, C. J. Gilbert, E. B. Stevens and D. W. Irwin. The amount of grain damaged by the fire was estimated at 1,600,000@1,700,000 bushels. Five elevators were burned and eleven were standing.

At the meeting of the Exchange on Saturday it was reported that little was done, as the Secretary was surrounded by applicants for relief and by committees planning relief work. Another problem which had to be met was the settlement of contracts outstanding at the time of the fire. For this purpose, a meeting was held at which President Preston presided. On motion of D. H. Lincoln, the record of the directors' proceedings was read to the effect that all such scores be settled upon the basis of the price current at the close of 'Change on Saturday, and that a committee of nine be appointed to establish a price basis for formal settlements. There were several attempts to amend this in various ways, but the honor of the Board prevailed and the recommendation of the directors was adopted. The committee which was to act as a clearing house committee was as follows: Ira Y. Munn, George M. How, A. B. Hitchcock, A. M. Wright, George Walker, Wiley M. Egan, J. H. Dole, J. L. Hancock and S. H. McCrea. The appointment of this committee gave universal satisfaction, though its work was difficult, for the destruction of the records obliterated all traces of many transactions, some of which could not even be remembered.

October 14, those members who were dissatisfied with the new location and who felt the time was propitious to move the business center towards the south, met at Standard Hall, Michigan avenue and Thirteenth street, to consider the action by which rooms had been taken in the west division for the use of the Board. P. L. Underwood presided, C. Counselman was secretary, and W. B. Ogden chief speaker. R. M. Hough urged that all the business of the city was south of Twelfth street and that the Board of Trade should be located near the business center. At a second meeting held on Monday, the 16th, M. G. Linn presided and a resolution offered by N. K. Fairbank was adopted and signed by all present. In effect this was that while there was no secession, the members found it inconvenient to attend meetings at the new

location and had rented Standard Hall for one year and proposed to do their trading there.

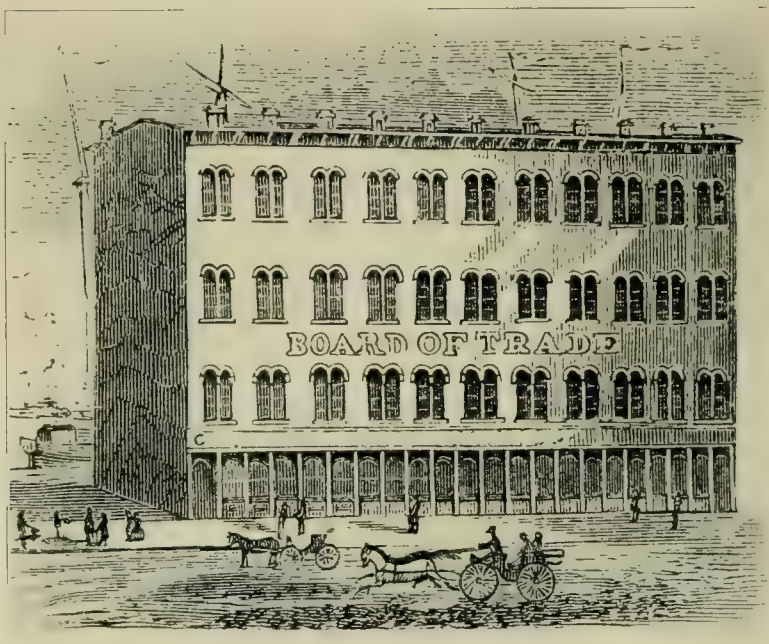
This action presented a delicate situation which might well have wrecked the Board. A wise spirit of compromise finally prevailed and at a meeting held on the 19th, the Board of Trade accepted an offer made by Judge Farrell, to erect a wigwam for temporary use on the southwest corner of Washington and Market streets and to give the Board of Trade the free use of a room 90x90 feet therein. The building was not ready quite as soon as expected, but on December 11 the Board was able to move to its new quarters. The wigwam was all that could have been expected of a building so hastily constructed and under such circumstances. That the inconveniences must have been keenly felt in comparison with the accommodations of the old Chamber of Commerce building is undoubtedly true. There were no "pits"; all trading had to be done in common; heating arrangements were poor and, at first, there were no suitable means of keeping visitors from the floor, and speculators and spectators mingled indiscriminately. There were some murmurs, of course, but for the most part the members bore the inconveniences smilingly and as simply incidental hardships dwarfed by the great calamity which had befallen them.

The committee to care for and sell the damaged grain did its work well. That in poorest condition was sold for chicken feed, some of the best sold as high as 60 cents per bushel, and the total amount received, about \$63,000, represented about 4 cents per bushel for the contents of the burned elevators. Part was sold at private sale and the remainder at auction and there is no record that any of the owners complained of the acts of the committee. Damaged grain at the Galena elevator brought \$26,750, at the Wheeler, \$6,150, and at the Munger and Armour, \$3,055. The Chicago fire was the greatest blow the insurance business of the world had ever known. Many companies were driven into bankruptcy and in spite of the first promises of early payment, settlements were slow and many were never made in full. Very naturally, with the lesson of the fire fresh in mind, the insurance companies were loath to do business except at a very high rate, especially at Chicago. On grain in store the two-day rate was equivalent to 24 per cent per annum and the ten-day rate was equal to 18 per cent per annum. This made the cost of insurance almost prohibitive and there was much discussion relative to the formation of a mutual company among the dealers and producers, and a committee consisting of E. B. Stevens, J. B. Lyon and B. F. Murphy was appointed to urge upon the insurance companies a more liberal policy.

There were still other problems growing out of the fire. According to law grain could not be delivered from store without the presentation and cancellation of the warehouse certificate. Nearly all the outstanding receipts were destroyed, and the members were

confronted by the fact that they could not legally get their grain out of store. A special meeting was held October 16, and a resolution asking the legislature to pass immediately a bill suspending this section of the law, on receipts dated before October 8, 1871. This resolution was wired to Springfield and was soon acted upon by the Legislature as desired. The settlement committee also reported promptly and by October 17 it was reported that two-thirds of the options had been settled on the basis suggested. Later the committee suggested that all money deposited on privileges be returned. Immediately after the fire nearly all the funds of the community were inaccessible. This demoralized the market in many ways. The "Tribune" of October 21 gives a vivid picture of conditions: "The depression is well marked by the fact that wheat sold for 5 cents per bushel lower here than at Milwaukee. The weakness was almost equally great in the other grain markets. This was due to the universal desire to realize, produced by the imperative necessity to obtain money. The great bulk of the property held by the more needy ones was sold out yesterday and buyers today were obliged to pay better prices. Several of the most prominent operators had their checks thrown out by the banks two or three days ago, but most of them have made it all right. Option trading has not recovered. The probabilities are the Board of Trade will give the death blow to this system of trading by refusing to arbitrate on option deals in cases where no margin had been deposited."

Another serious question was as to the liability of railroad companies for grain destroyed before it had been delivered to owners or agents. Ordinarily grain coming in one day had been immediately placed in store and the next day the receipt had been delivered upon the payment of freight. A considerable amount of grain was destroyed before receipts had been accepted or tendered, and the owners claimed the railroads were responsible in spite of the shipper's receipts which absolved the railroads from all such liability. The owners claimed that they were forced to sign such receipts in order to get grain shipped and that they would not stand in law. A meeting was held of the owners and a committee appointed to care for their interests. Another result of the fire was the suspension of the "Commercial Express," the trade paper published by Joel Wells. On November 17 the provision dealers and packers, who were not satisfied with the new location, met and decided to establish an evening exchange at Michigan avenue and Twenty-second street. They were to meet regularly, from 7:30 to 9 p. m., and the officers were B. P. Hutchinson, President; W. E. Richardson and C. M. Culbertson, Vice Presidents; J. P. Marot, Secretary, and A. S. Burt, Treasurer. The members were assessed five dollars each for expenses. And in the midst of all this turmoil and loss and hardship the Board adjourned to observe Thanks-



Early Board of Trade Building.



Chamber of Commerce Where the Board of Trade Met. Destroyed in the Fire of 1871.

giving Day, President Preston urging that "they had much to be thankful for."

The National Board of Trade met in St. Louis in December. A. M. Wright of Chicago was one of the vice-presidents elected and J. W. Preston was a member of the credentials committee. Resolutions were adopted favoring the building of levees along the Mississippi and for better trade relations with Canada. Congress was memorialized to pass a law punishing the sending of fraudulent telegrams, and a resolution of sympathy with Chicago and the Board of Trade on account of the great fire was passed.

Upon moving to its new quarters a new business schedule was also put into effect and the hours of the exchange were made from 9 a. m. to 5 p. m. and it was stipulated that there was to be no smoking between the hours of 11 a. m. and 1:30 p. m., which are the hours of "high" exchange. Among the first distinguished guests of the Board in its new home was Hon. Frederick Fraley, President of the National Board of Trade, who stopped in Chicago on his return from the convention at St. Louis. He expressed himself in highest terms of appreciation of the great work the Board had done in re-establishing itself so quickly and carrying on its business so manfully. While the majority of the deals pending at the time of the fire were settled on the basis suggested by the special committee, there were some who refused to accept its decision. The directors were called upon to suspend those members who refused to abide by the terms laid down by the committee. They found that they had no power to do this, but passed a resolution condemning "the Shylocks who demanded their pound of flesh when all the world was showing its generosity in Chicago's affliction." Also, to help out the storage facilities so badly crippled by the fire, the directors resolved to accept as "regular" receipts for grain stored in cribs adjacent to elevators, providing no higher rates were charged, and that other structures would be made "regular" after passing inspection by the Board. This action was approved by the full Board December 29 and was the last official act of the year of the great fire.

The report of Secretary Randolph covers the work of the year 1871 concisely and well in every branch and also tells of the havoc of the flames. After giving what might seem an unnecessary apology for the lateness of the report, the Secretary said:

At the time of the great calamity which befell Chicago on the 8th and 9th of October last, more than one-third of the labor in preparing this report had been performed, and the partially completed sheets of "copy" were in condition to be finally completed without unnecessary effort or delay. All were destroyed, and with them nearly all the data from which they were compiled. The statistical books of the Board, without an exception, were burned, and all the material used in preparing the report that remained were

a few of the revised monthly reports of some of the railroads, and a portion of the condensed weekly statements of receipts and shipments. By the kindness of the Union Merchants Exchange, of St. Louis, the Board was supplied with the files of the Chicago "Daily Tribune" from January 1 to October 7 (as also of several previous years), and Messrs. Howard, White & Crowell generously tendered the use of their files of the "Daily Commercial Bulletin." From these, in connection with data furnished by the railroad officials, and such scraps of reliable information as could be otherwise obtained, the report as now presented has been compiled. The statistics furnished by the railway officials—many of them obtained at great labor and expense, owing to the entire destruction of books and papers—has been most valuable, and is very gratefully acknowledged. It is to be regretted that, in consequence of the total destruction of all records in the Custom House, as full returns of our lake commerce cannot be obtained as in former years. The statements of railway traffic are also in some cases incomplete, but it is believed that in the leading articles of the city's commerce usually reviewed in the reports of this Board, the figures herewith presented are substantially correct. If erroneous in either direction, they are under rather than over that which would be strictly correct.

The year, although darkened by a most unparalleled catastrophe, must, in a general business view, be regarded as a most satisfactory one, perhaps exceeding in substantial advancement any of its predecessors. In all branches of the city's trade the first nine months of 1871 witnessed great prosperity. There were no features of marked excitement or speculation in any direction, but a steady and vigorous growth in solid commercial enterprises, shared in and supported by the great interior, whose interests and ours are so closely allied. And although in one short day the stores, warehouses, manufactories, goods, and the homes, with their sacred treasures, of a large portion of our people were swept away and destroyed—thousands finding themselves greatly reduced, or perchance penniless—still, the business upon which the prosperity of all depended seemed interrupted but for a moment, and resumed its accustomed volume as soon as the smoke of the devouring element was cleared away and facilities for its care could to any fair extent be reorganized or improvised. Long years of toil may be required to make good to individuals the fearful losses of those lurid hours, still the great wheels of commerce and trade will revolve as before, and it is safe to say that today the future of our city promises as grandly as it has ever done in the past.

In cereals, the business of the year just closed has vastly exceeded any that have gone before; our aggregate receipts of grain and flour (reduced to wheat) being 83,518,202 bushels, the largest in any previous year being 69,680,233 bushels in 1868. So also in live stock the increase has been very marked, and as prices have been well maintained, it may be assumed that the farmer finds himself in easy circumstances and in the enjoyment of a rich return for his toil. In the various branches of manufacturing industry in the city, satisfactory results have been achieved, and in the reorgan-

ization and rebuilding of the city it is expected that manufacturing will be more fully developed and better provided with facilities for its successful prosecution. It is of great importance to our city that manufacturing such articles as can be produced profitably at home should meet with liberal encouragement, and certainly a broader field for enterprise of this sort is open among us than is occupied.

Previous to October, building enterprises had been prosecuted steadily, but not so many elegant business houses had been erected as during some previous years; nearly all of the more costly erections were located in what is now the "burnt district." Some private residences, equal in point of cost or elegance to almost any in the country, were in course of erection, and are unharmed. The improvement of the recently established public parks has been carried forward with much vigor, and will still be continued, though on a reduced scale.

During the early summer a very carefully canvassed accounting of population was had, resulting in determining the city's population at that time to be 334,270. By October 1 it was scarcely less than 350,000. Immediately after the fire there was a large exodus, but most of those leaving the city have already returned, or their places have been filled by newcomers, so that at the close of the year moderate estimates place the population at about 325,000.

Our banking facilities were somewhat increased during the early part of the year by the organization of two new national banks, and immediately after the fire the Bank of Montreal—the largest banking institution in America—consummated an arrangement previously contemplated by establishing an agency in this city. This, it is believed, will be of great assistance to our merchants, as well as highly remunerative to the parent institution. That Chicago can profitably employ additional well-managed banking capital would hardly seem to admit of question, in view of the exceedingly satisfactory results that have attended all our national bank enterprises. It is hoped that at no distant day the value hitherto, and at present, set upon the use of money in this city may be materially reduced. The general character of bank paper, being largely secured by undoubted collaterals, would seem to justify a lower rate of interest than ten per cent, and if an abatement could be secured in this regard, business would undoubtedly, in many branches at least, be greatly stimulated.

While for details of figures representing the business in some of the leading items, reference is made to the tables and statements herewith, brief reference to some may not be out of place in this connection. As in former years, the trade in the products of the farm has formed a very large and important element in the general business; in fact, it lies at the very basis of all other industries in the city.

Flour

The business of milling in the city has not been as large as formerly, and for the early months was only very moderately remunerative, becoming much more so during the early autumn,

however, and at the time of the fire it was being prosecuted to a much greater extent, and more profitably, than for some time previously. Six large mills were destroyed; these, in 1870, manufactured more than half of the flour made that year, leaving not half enough to supply the current city consumption. The total manufacture in the city for 1871 was 327,739 barrels, and the receipts were 1,412,177 barrels, being a falling off as compared with 1870 of 116,237 barrels in the former and 353,860 barrels in the latter. The hope entertained a year since that different and better arrangements would be adopted in regard to the delivery of wheat to our city mills has not to any extent been realized, and the system of requiring our millers to pay an onerous and largely unnecessary charge for storage and expenses is still persistently adhered to. Whether or not this system will at no distant day entirely destroy the business of manufacturing flour in this city is a question of grave concern and challenges our attention.

Wheat

In wheat, the business has been large, though less in the aggregate than that of 1870. The deliveries after January of the crop of 1870 were less than many had anticipated. The new crop was harvested somewhat earlier than the average of years, and was secured in remarkably fine condition, and proved of very superior quality. The yield per acre, however, does not appear to have been as large as in some previous years, nor was it as large as was anticipated previously to harvest. The receipts for the year amount to 14,439,656 bushels, against 17,394,409 bushels in 1870. The movement in wheat at the time of the fire in October was at its height, the receipts of the week ending October 7 being the largest of any week in the history of the city. The sudden derangement in business of course tended for a time to divert a very large amount to other points, and as the season was drawing to a close, and our people were for a time illy prepared to properly care for an active business, a considerable falling off in receipts resulted, and when again trade resumed its usual course it was found that the bulk of wheat intended for market during the autumn had been disposed of. Prices have been well maintained throughout the year, opening at about 110 cents for No. 2 spring, and closing at 120 cents; the highest point touched was 132 cents in August, the lowest 99½ cents, earlier in the same month. The supply yet unmarketed is not estimated as large, and it is not improbable that all will be wanted before another harvest.

Corn

The receipts of corn have exceeded by far those of any previous year. The crop of 1870 was of superior quality and large in amount, and as the supply of old corn was well exhausted, the crop of 1869 being much below the average, the new found ready purchasers as soon as it could be placed in market. As the season advanced the supply seemed almost limitless, and as the good quality and heavy yield of the growing crop became well assured, farmers seemed inclined to close out their stocks at the then

current prices. The new crop of 1871 began to appear in market in September, which was probably earlier than on any previous year in this State, since which it has arrived very freely—in fact, the supply has been limited only by the means obtainable to transport it; so that, notwithstanding a movement eastward to the full capacity of our lake marine, the winter closed upon us with full 850,000 bushels in store at this point, which had increased by the close of December to 3,113,000 bushels. Everything now points to a complete blockade of storage facilities at any early day, resulting from necessity in the cessation of the present free movement. In fact, it seems probable that by loading all the carrying capacity now in our harbor we shall still be blockaded, with little hope of relief until some time after the resumption of lake navigation in the spring. The receipts have been 41,853,138 bushels in 1871, in 1870 they were 20,189,775 bushels, and in 1866 they were 33,543,061 bushels, which were the largest of any year previous to 1871. Prices have ruled remarkably steady during the year, though slowly declining under the continued heavy receipts, and as the markets of the world became supplied. In times of great surplus in the United States of any given item of production, our markets must be controlled by prices at which it can be taken by exporters. While in 1869 and the early part of 1870 exports of corn were insignificant in amount, they have risen during the past year to respectable proportions, and should the European demand continue at fair prices, our farmers may realize good returns for their vast production of corn during the past year. Without a remunerative export demand there would seem no hope but that prices must settle to a point that would effectually cut off remote shipment and leave a large amount on the hands of distant producers to be disposed of by other means than its sale in the grain. At the close of the year, No. 2 corn is but a shade above 40 cents, the highest point touched during the year was 56½ cents in March.

Oats

The trade in oats has also been large, receipts amounting to 14,789,414 bushels; the previous year they were 10,472,078. The trade has been without excitement, and not as largely speculative as in some former years. Prices closed at about 31½ cents for No. 2.

Rye

The movement in rye has been larger than ever before, receipts amounting to 2,011,788 bushels. The demand has been of a legitimate character, considerable amounts being shipped by carload in almost every direction. The market closed at 62½ to 63 cents per bushel.

Barley

This uncertain and unreliable grain has also been received in larger measure than in any previous year, the total being 4,069,410 bushels, against 3,335,653 bushels, the large receipts of 1870. The price of No. 2 opened in January at about 75 cents; by April it had advanced to \$1.05. Thence till the new crop began to arrive the

tendency was down. New opened at about 65 cents, declined at 51 cents in November, and closed at 60 cents to 61 cents per bushel. The quality of the crop of 1871 was fair; its condition as to color and other important qualities was good, indeed, much above that of most of the late years.

Live Stock

Chicago still maintains her supremacy in this branch of business. In both cattle and hogs there has been a gain over any former year. In hogs the increase has been very marked, being over 40 per cent more than in 1870. The receipts have been, of cattle, 543,050; of hogs, 2,380,083; and of sheep, 315,053; the total value of stock received aggregating full \$60,000,000. Cattle have ruled fairly active and steady during the year. At times the market has been overstocked for a few days, which has been promptly remedied by withholding cattle until the surplus has been disposed of. Hogs opened in January at \$5.80 to \$6.25, gross steadily declining, with slight fluctuations, until the close of the year, when they were quoted at \$4 to \$4.60.

Provisions

The trade in meats has been of vast proportion, being active during nearly the whole year. Speculation has been largely confined to mess pork and lard, while cut meats have been in good demand for consumption. Chicago cured meats have a high reputation, and this city has assumed a position largely establishing prices for the whole country. Our pork packing greatly exceeds that of any other point, and seems still on the increase. Fortunately, the great fire did not sensibly interfere with this branch of business, the principal packing houses being located at points remote from the "burned district." Mess pork, in the early part of January, sold at \$18.37 to \$19, but before the close of the month had advanced to \$23 for well known brands, but from that point declined until in August sales were made as low as \$12, since which a firmer feeling has prevailed, though no great advance has been realized, at the close it may be quoted at \$13 to \$13.25.

Lumber

No reduction in this branch of business has been observable; in fact, the receipts of lumber proper have been larger by over twenty million feet than in 1870. Receipts of shingles have been a trifle less. Receipts of the former figure up 1,039,328,375 feet; of the latter, 647,595,000. Prices, both by cargo and in the yards, ruled very steady until about August, when some advance was realized. After the fire, owing to the pressing demand, an advance on some grades was established of \$3 to \$5 per thousand feet. At about the same time that a large part of our city was destroyed by fire very great destruction was suffered by the same element in the country districts from whence a large portion of our lumber supplies are received; many large and important mills were destroyed, and thousands of acres of timber lands were burned over, greatly reducing the value of such, though not entirely destroying all the lumber. It is feared the loss of the mills referred to may be

seriously felt in the lumber supply of the coming year when so much will be needed in the rebuilding of our city. It is understood that arrangements have been consummated for the shipping hither by rail of large quantities of lumber during the winter, and already considerable has been received. In the October fires some thirteen lumber yards were burned in the city, involving a loss of about 60,000,000 feet of lumber, besides other items of stock. At the close of the year the stock in the city is about 234,500,000 feet of sawed and hewn pine lumber and timber. Less than a year since, by about the amount destroyed by fire.

Transportation

In this great question, so intimately connected with the prosperity of the great interior of our country, no especially new features have been developed during the year. The large grain, live stock and provision movement has caused a higher range of prices in freights eastward than for some years past; especially is this true as regards freights hence by lake. Indeed, the past has been, for the vessel interest, more profitable than several of the recent years. In the matter of establishing any State control over our local railway lines, for the correction of alleged abuses, it does not appear that any substantial point has been gained, and the question seems as far from solution as ever. It was hoped by many that the establishment of a State commission, especially charged with the duty of investigating this question, and who should be clothed with power to prosecute infractions of law, would result in great good to the people of the State, either by a prompt appliance of the proper remedy for abuses charged to exist, or satisfying the public mind that its suspicions were unfounded. Such a commission has been in existence for six months, and have made their report as required by law. It does not appear that any very determined attempt has been made to either correct abuses, if such exist (and most people think at least some do exist), or to show the error of public opinion in this regard. Nothing can be more desirable than that the feeling, grown to great intensity, on the part of our people, that in some way, or many ways, their rights are being trampled upon by railway corporations, should be allayed and, if possible, removed.

Foreign Trade

The books and memoranda of business at our Custom House being destroyed, no figures can be given as to either the value of goods imported and exported, or the amount of duties collected. I am advised, however, by the Collector of Customs that direct importation has been much larger the past year than previously. Very large amounts of tea have been received in bond via San Francisco, this trade increasing rapidly since the completion of the Pacific Railway. A line of fine steam propellers has been placed upon the route between this city and Montreal, connecting at that city with ocean steamers. Many of our merchants have imported largely by this route, and with very satisfactory results both as to time and cost. A short time before our great fire, one of the

railway transportation lines (Merchant's Despatch) doing business between this city and New York, was bonded under the provisions of the act of Congress encouraging direct importations to interior cities, and considerable quantities of goods were imported by that means. It is believed business will be greatly benefited by this mode of importation, as the goods can be delivered more promptly, in better condition, and at much less expense, than by passing, as hitherto, through the process of opening and repacking in the customs depots of the seaboard cities. Shipments on through bills of lading hence to Europe have been quite extensive, as may be observed by reference to the table exhibiting the same more in detail. Besides the shipments there noted, a very large amount of provisions and lard, and probably other property, have been purchased in this market for European account, and shipped, but receipted for only to New York—ocean freight arrangements being made in that city.

The business between this city and Canada has been larger than that of the previous year, although, as in other items, figures cannot be given except as to shipments of grain and flour; these will be found under the head of "Statement Showing the Entire Movement of Flour and Grain."

Chicago's Calamity

Of course, in this place, no extended account of the great calamity which visited the city on the 8th and 9th days of October last will be expected. Other and abler pens have written the history and incidents of those dark days, and the whole civilized world has become familiar with the terrible destruction of property that laid in ashes the fairest portion of our city, and has left us but the shell of our former magnificence and grandeur. Still, a brief record of this very memorable event, not only in our own but the world's history, may be deemed as proper. The fire, which commenced its ravages on the evening of Sunday, October 8, at about nine o'clock, originated in an uninviting portion of the west division of the city, full one and a half miles from the court house, the nominal center of business. On that side of the river it fed on material of comparatively little value, and while swift in its march and unrelenting its greed for the destruction of everything lying in its pathway, it was not until it had leaped the river and commenced its ravages in the more substantial buildings and heavy stocks of goods on the South Side that any serious alarm was created. Here, where the ingenuity of man had erected supposed protections against widespread conflagrations, the flames spread with frightful rapidity, leaping from one costly structure to another, and from square to square, on the wings of the autumn gale, the volume of which, at the time, was little less than a hurricane. In an incredibly short time nearly the whole of the business portion of the South Side, embracing about three-quarters of a square mile in area, was one vast sea of flames, while the citizens, many of whom had become panic-stricken, could think of little else than the saving of their lives, helplessly beholding their goods and valuables feed the insatiate destroyer. Not an occupied or completed build-

ing, great or small, in the track of the wind on this side of the river escaped total destruction, and, in fact, the flames spread several squares directly against the gale. From the South Side the messenger of destruction crossed the main river to the north division, devastating the beautiful homes, and their surroundings, of the wealthy, and alike laying waste the humbler dwellings of the less favored and poorer classes, ceasing only when material to furnish it further sustenance had been exhausted. At an early hour, or soon after the fire had gained a footing in the South Division, the flying embers had ignited the building in which was located the pumping works by which the city was supplied with water from Lake Michigan, and soon the magnificent engines were disabled and the last hope of saving anything within the reach of the destroyer had vanished. Although the fire raged but about twenty-two hours, yet, within that time more than 2,100 acres were completely burned over, and in all that vast area less than a half dozen buildings of any sort remained standing. At least 17,000 buildings were entirely consumed, and nearly or quite 100,000 people were rendered houseless, many thousands of whom escaped with nothing but the clothing upon them. The loss of life (which may never be even approximately known) was doubtless several hundred, while the money value of buildings and goods consumed was scarcely less than \$175,000,000, to which may be added, probably 25 per cent on the nominal value of the ground burned over; this latter loss, however, is believed to be only temporary and nominal, and will be recovered at no distant day. Already some portions of the burned district are saleable at much higher prices than the same ground would have commanded before the fire. To say that, in the presence of a calamity like this, the citizens of Chicago stood appalled, and, for the moment, to some extent disheartened, is not discreditable either to their good judgment or their acknowledged spirit of enterprise. While scarcely as yet the work of destruction had been stayed, and before our suffering citizens could gather together their scattered families, the whole country was aroused to active sympathy, and as the tale of loss and of suffering was repeated by the click of the telegraph throughout the civilized and Christian world, an almost universal response came back to us, alike touching and encouraging to our hearts and creditable to our common humanity. Never can Chicago forget, nor can she ever repay, the generous expressions and kindly acts of the thousands who in the day of her distress so nobly, so grandly, ministered to her pressing necessities. If the 9th day of October, 1871, may be counted a dark day in the history of our city, surely many days thereafter were bright days in the world's history, for on them was displayed a generous charity and a fellow-feeling for the suffering and distressed such as the world had never till then witnessed. Food, clothing, and all manner of supplies were immediately dispatched to meet the pressing wants of the moment, and millions of dollars in money were collected in aid of our stricken people. As much of this greatly needed and most highly prized aid and assistance was gathered under the immediate dictation of our brethren representing commercial organizations, an acknowledg-

ment to them here is deemed appropriate, and is most gratefully recorded. Our commercial friends in St. Louis, Cincinnati, and Milwaukee responded upon the instant, and from each large delegations of prominent citizens, with those things that we most needed, were promptly in our midst, and set at once to the benevolent work of feeding the hungry and clothing the destitute, and for many days their representatives, both ladies and gentlemen, remained among us, assisting our own people in providing shelter and care for the many thousands who had not where to lay their heads. Organizations in other cities, near and more remote, were no less active in our behalf, many contributing money only, others contributing needed supplies quite as acceptable and quite as necessary. It might seem invidious to mention some, to the omission of others, when all have done so much, but as public acknowledgments (save in exceptional cases) do not appear to have been made, except for actual cash received by the committee having charge of relief matters, it may here be stated that vast amounts of aid were received in various kinds of supplies from (besides the cities already named) Boston, New York, Buffalo, Pittsburgh, Allegheny City, Cleveland, Toledo, Detroit, Indianapolis, Lafayette, Logansport, Fort Wayne, Richmond, Louisville, Kansas City, Leavenworth, Dubuque, Burlington, Clinton, Marshall, Pella, Cedar Falls, Quincy, Galesburg, Mendota, Peoria, Ottawa, Joliet, Geneseo, Springfield, Decatur, Bloomington, Aurora, Dixon, Rockford, Freeport, Oshkosh, Racine, and many other cities and towns not within the knowledge of the writer. Certain it is that over two hundred and fifty carloads of supplies were received as the result of the first gush of sympathy for our suffering people. Many of these contributions arrived ere yet the smoke had cleared away, and were distributed either by delegates sent in charge or by such organization as then existed. In order to assist the mayor and other city authorities, and at their suggestion, this Board appointed a committee of one hundred of its members to assist in the work of caring for these supplies, and under their direction a large part of these early contributions were properly distributed, the work being performed with care and fidelity, and as much of prudence and discrimination as the circumstances would permit or justify. That these supplies contributed their full value to the suffering thousands, then if ever needing assistance, none who shared in or were familiar with the work of distribution will question. In fact, the donors here alluded to may rest in the consciousness of feeling that what they contributed, to a very large extent, supplied a necessity when that necessity was most keenly felt. They have their reward in a deep-seated and lasting gratitude on the part of the beneficiaries and of every citizen of Chicago who has chosen to inquire as to the facts, or who was an attentive reader of events as they passed immediately succeeding the fire.

The direct loss of this Board consisted mainly in its hall and office furniture, books and records; of the latter it will be found difficult or impossible to secure a restoration, but by the kindness of sister associations and societies, already many volumes have been received that will in part supply our necessities in that regard.

A loss that cannot be made good, and which the patriotic members of the Board will greatly regret, is the destruction of the battle-worn flags and other mementoes of our Board of Trade regiments and battery, as well as the records of their organization and interesting incidents connected therewith.

The building occupied by the Board is to be rebuilt at once—indeed, within less than a week of its destruction, the Chamber of Commerce corporation had decided upon its restoration, and the work was immediately commenced and has been prosecuted with vigor promising completion as early as such a building can be properly constructed, and it is now expected that by the anniversary of the destruction of the old the Board will be in occupancy of the new building. The plans adopted, while in outline much the same as the former edifice, will be more tasteful and ornate, and embrace important and valuable improvements in the portion devoted to office purposes.

The rebuilding of the city has been prosecuted with marked rapidity—indeed, many substantial business structures are already completed and occupied, and others well advanced, while the preparation in the way of removing debris, laying foundation walls, and perfecting plans, has been pushed with all possible vigor, and with the opening spring Chicago will rise as never before a city rose, and it is now confidently expected that ere the lapse of two years the business portion of the city will be restored to at least its former beauty, and in point of solidity and durability vastly superior to the old.

The residence portion will be slower in recovery, thousands already having erected temporary residences which may serve the necessities for many years, or at least until fortune may enable them to do better. The people generally are cheerful and hopeful, and notwithstanding the fearful losses sustained it may with truth be repeated that the future of Chicago was never more promising than at the opening of the year 1872.

I am, Mr. President, very respectfully,
Your obedient servant,

CHARLES RANDOLPH, Secretary.

This report, together with the following tables giving the price of wheat, corn and oats on the 1st and 16th days of each month from January 1, 1865, to the close of 1871, will give a comprehensive view of the entire period under consideration. The following are the tables:

The expansion of wheat exportation during the Civil War was very noticeable. With the year 1865 a reaction set in; the years 1868 to 1870 show, however, a return to better business. Thereafter there was to be no notable setback in the country's exports of wheat, save such as might be naturally due to deficient crops, etc. The exportation of flour during this period indicates little tendency towards expansion. The time of Minneapolis, and of flour ground from hard wheat, had not yet arrived.

Spring Wheat

	No. 1 Spring 1865	No. 1 Spring 1866	No. 2 Spring 1867	No. 2 Spring 1868	No. 2 Spring 1869	No. 2 Spring 1870	No. 2 Spring 1871
January	1..... \$1.70½@1.75	1..... \$1.30½@1.31	1..... \$1.93 @2.00	1..... \$1.93 @1.98	1..... \$1.14 @1.15½	1..... \$.77¼@.77¾	1..... \$1.09 @1.11
February	16..... 1.65½@1.66	1..... 1.22½@1.23¼	1..... 1.87 @1.89½	16..... 2.07 @2.09	1..... 1.12 @1.12¾	16..... .78¼@.78½	16..... 1.16½@1.18¼
March	1..... 1.43½@1.44½	1..... 1.22¼@1.23	1..... 1.81½@1.84	1..... 2.05 @2.06½	1..... 1.13¼@1.14½	1..... .80¼@.81	1..... 1.24 @1.26
April	16..... 1.44½@1.45	1..... 1.19¼@1.20	1..... 1.84½@1.86	1..... 1.99 @2.00½	1..... 1.16½@1.18	1..... 1.16½@.82	1..... 1.21¼@1.23
May	1..... 1.35½@1.36	1..... 1.22¼@1.23½	1..... 1.87½@2.00	1..... 1.93 @1.94½	1..... 1.14½@1.16¼	1..... .79¼@.79¾	1..... 1.22¾@1.24
June	16..... 1.25½@1.27½	1..... 1.25 @1.26	1..... 2.05 @2.08	1..... 1.93 @1.95½	1..... 1.10 @1.10¾	1..... .77 @.77¾	1..... 1.25 @1.26
July	1..... 1.02½@1.05	1..... 1.24¼@1.28	1..... 2.21 @2.25	1..... 1.91 @1.93½	1..... 1.10¼@1.12½	1..... .76¼@.78¼	1..... 1.26½@1.29
August	16..... 1.13½@1.16	1..... 1.29½@1.35	1..... 2.37½@2.41	1..... 1.98 @2.00	1..... 1.04 @1.06	1..... .77¾@.78¾	1..... 1.30½@1.31½
September	1..... 1.12 @1.14	1..... 1.52 @1.65	1..... 2.65 @2.70	1..... 2.08 @2.10½	1..... 1.09½@1.10½	1..... .87¾@.91	1..... 1.24 @1.25
October	16..... 1.10½@1.12½	1..... 1.69 @1.75	1..... 2.62½@2.63	1..... 2.00 @2.02½	1..... 1.13 @1.14½	1..... .96¼@.98½	1..... 1.29 @1.29½
November	1..... 1.24 @1.25	1..... 1.65 @1.80	1..... 2.17 @2.23	1..... 1.81 @1.83½	1..... 1.15 @1.16	1..... .97 @.99	1..... 1.25¼@1.26
December	16..... 1.16½@1.18½	1..... 1.71½@1.93½	1..... 1.65 @1.71	1..... 1.86 @1.91½	1..... 1.14½@1.15	1..... 1.18¼@1.22	1..... 1.27 @1.27½
	1..... 1.04 @1.05	1..... 1.81 @1.97	1..... 1.70 @1.75	1..... 1.79 @1.80	1..... 1.24 @1.25	1..... 1.06 @1.11	1..... 1.23½@1.24
	16..... 1.12½@1.13½	1..... 1.50 @1.62	1..... 1.72 @1.80	1..... 1.70 @1.72½	1..... 1.31 @1.32	1..... 1.16 @1.22	1..... 1.16 @1.17¼
	1..... 1.19 @1.21	1..... 1.40 @1.68	1..... 1.80 @1.86	1..... 1.76 @1.79	1..... 1.36 @1.37	1..... 1.10 @1.30	1..... 1.02 @1.03½
	16..... 1.25½@1.26½	1..... 1.62½@1.63	1..... 1.80 @1.81	1..... 1.75 @1.76	1..... 1.44 @1.45	1..... .96 @1.09½	1..... 1.05½@1.06
	1..... 1.31 @1.32	1..... 1.76 @1.80	1..... 1.64½@1.65	1..... 1.60 @1.63	1..... 1.28 @1.31	1..... .95 @1.05	1..... 1.06 @1.07½
	16..... 1.49 @1.50½	1..... 1.92 @1.95	1..... 1.77 @1.80	1..... 1.52½@1.54½	1..... 1.22¼@1.23	1..... 1.05½@1.08	1..... 1.15¼@1.16
	1..... 1.40½@1.42	1..... 2.04 @2.11	1..... 1.86½@1.88	1..... 1.37 @1.40	1..... 1.06 @1.08	1..... 1.06¼@1.09½	1..... 1.23¼@1.24
	16..... 1.40½@1.43	1..... 2.08 @2.10	1..... 1.87 @1.90½	1..... 1.36½@1.38¼	1..... 1.03½@1.04½	1..... .90½@1.08	1..... 1.20½@1.22
	1..... 1.47 @1.50	1..... 2.22 @2.23½	1..... 1.79 @1.82	1..... 1.12½@1.14½	1..... .91 @.92½	1..... .97½@.98½	1..... 1.19 @1.20¼
	16..... 1.43 @1.45	1..... 2.02 @2.13	1..... 1.72½@1.74	1..... 1.08 @1.11½	1..... .86 @.88	1..... 1.05 @1.06½	1..... 1.20½@1.22
	1..... 1.32½@1.33½	1..... 2.04 @2.11	1..... 1.70½@1.71	1..... 1.11½@1.12½	1..... .88½@.89½	1..... 1.03¼@1.05	1..... 1.18½@1.19½
	16..... 1.28½@1.32½	1..... 2.10 @2.12	1..... 1.84 @1.87½	1..... 1.14½@1.16	1..... .84¼@.86	1..... 1.05¼@1.06	1..... 1.19¼@1.19¾

Corn

	No. 1 Corn 1865	No. 1 Corn 1866	No. 1 Corn 1867	No. 1 Corn 1868	No. 2 Corn 1869	No. 2 Corn 1870	No. 2 Corn 1871
January 1.....	.90	.45	\$.74½@.75½	\$.86 @.86½	.56	\$.69 @.72	\$.43½@.44
16.....	.90	.43	.77½@.78½	.86½@.87½	\$.55 @.55½	.71 @.73	.46¼@.47¼
February 1.....	.85	\$.42 @.42½	.75 @.77¼	.84½@.86	.57 @.57½	.70½@.72	.50½@.51¾
16.....	.85	.37	.82 @.85	.83½@.84¼	.63 @.65	.69½@.69¾	.50½@.50¾
March 1.....	.87	.40	.76¼@.78	.81½@.83	.65 @.67	.69¾@.70½	.49¼@.51
16.....	.79	.40	.85½@.87¼	.84½@.85	.58 @.60	.70½@.73	.53¼@.56¼
April 1.....	.63	.41¾@.43	.94½@.97	.83 @.84	.53 @.55	.70 @.80	.52½@.52¾
16.....	\$.62 @.66	.45½@.46	1.03 @1.05	.83½@.85	.54½@.55	.84½@.85½	.54½@.54¾
May 1.....	.66 @.66½	.49 @.49¾	1.08½@1.09½	.87 @.88¼	.55¼@.55½	.86 @.87	.54¼@.54½
16.....	.50 @.57	.50 @.51½	.98 @1.02½	.91½@.93½	.58 @.59	.86 @.87½	.54 @.54¾
June 1.....	.59½@.61	.53 @.54	1.03 @1.04	.83½@.85	.58½@.59	.81½@.82¾	.51¼@.51¾
16.....	.57 @.60	.53½@.55	.82½@.85	.87 @.87¾	.60½@.61½	.83½@.86	.54¼@.54½
July 1.....	.53 @.54	.54½@.56	.81¼@.82¼	.85¼@.86	.69 @.70	.80 @.81¾	.52½@.53½
16.....	.56½@.57	.53½@.55	.83½@.84½	.93 @.94¼	.79½@.82	.82 @.84½	.51 @.51½
August 1.....	.67½@.68½	.56 @.57¼	.88 @.88½	.96 @.98	.87 @.89	.82¾@.84	.43 @.44
16.....	.67½@.68¼	.57½@.58¼	.97½@.98	.97 @.98	.89½@.91½	.70¾@.71½	.45 @.46
September 1.....	.64 @.66	.50 @.51	.95½@.97	.99½@1.00	.87½@.88¼	.63½@.64¼	.43½@.44½
16.....	.61 @.62	.56½@.58	1.02 @1.03	.95¼@.96	.83½@.84½	.63¼@.64½	.47¼@.47¾
October 1.....	.59 @.61	.61 @.64½	1.01 @1.02½	1.05 @1.12	.68 @.70½	.64½@.65	.47¼@.48¼
16.....	.47½@.50	.64 @.65½	1.10½@1.11½	.91½@.92½	.66 @.68	.58 @.59½	.42¾@.43
November 1.....	.47½@.49½	.93 @.97	1.05 @1.05½	.79 @.80	.63½@.65½	.54 @.55	.47½@.48¾
16.....	.55½@.58	.82 @.86½	.96 @.96½	.79 @.80	.74 @.76	.61 @.64½	.45 @.46½
December 1.....	.42 @.43	.80 @.82	.86 @.86½	.79 @.80	.80 @.81½	.50 @.52	.40½@.41½
16.....	.46 @.47	.80 @.80½	.86 @.87½	.80 @.81	.77 @.79½	.47½	.40½@.41½

Oats

	No. 1 Oats 1865	No. 1 Oats 1866	No. 2 Oats 1867	No. 2 Oats 1868	No. 2 Oats 1869	No. 2 Oats 1870	No. 2 Oats 1871
January	1..... \$.67½@.68	\$.25 @.25¼ .24½@.24¾	\$.41 @.42½ .40¼@.40¾	\$.55 @.56½ .59 @.60	\$.45½@.47 .47½@.48	\$.39½@.40 .39½@.40	\$.39 @.39¾ .41½@.41¾
February	16..... 1..... 1..... 16.....	.65½@.66 .61½@.62¼ .58½@.59½ .59 @.59½	.23½@.24 .22¼@.22½ .24¼@.24½ .23½@.24½	.58¼@.59 .57 @.57¼ .56½@.58½ .57½@.59¼	.49 @.49½ .53¼@.54 .53¼@.52¾ .51½@.52¾	.38 @.38¾ .38½@.39 .37½@.38 .38½@.38½	.45½@.46½ .48¼@.49 .48½@.49 .49¼@.51
March	1..... 16.....	.55 @.56 .37¾@.39	.46 @.47½ .48 @.51	.56½@.58½ .57½@.59¼	.53¼@.55½ .53 @.55½	.36¾@.38½ .38½@.40	.48½@.51 .48¼@.50½
April	1..... 16.....	.43 @.44½ .40½@.42	.55½@.57½ .61½@.63	.59 @.60 .64 @.65¼	.52¾@.53½ .58 @.60	.43¼@.44½ .46½@.48	.47½@.49 .47¼@.48
May	1..... 16.....	.34 @.35 .41 @.44	.30 @.31 .31½@.32 .32 @.33	.70 @.71 .64 @.64½	.60 @.60½ .60 @.60½	.48½@.50 .47½@.48½	.48¼@.49¼ .48 @.48½
June	1..... 16.....	.56 @.58 .41½@.43½	.33½@.34¼ .31 @.31½	.65¼@.67 .64½@.65	.59½@.59¾ .63 @.63½	.49¼@.51 .49¼@.51	.49 @.49¾ .46½@.47½
July	1..... 16.....	.39½@.40 .41½@.44	.29 @.30¼ .27 @.29	.64 @.65 .58 @.59½	.63¼@.63½ .54 @.59	.49¼@.50 .42½@.44	.49¼@.50¼ .28½@.30
August	1..... 16.....	.47 @.48 .31 @.33	.28¼@.28¾ .28 @.28½	.51 @.52 .50¼@.51¼	.48 @.49 .44 @.44½	.38 @.38¾ .35¼@.36½	.30 @.30¾ .29¼@.29¾
September	1..... 16.....	.31½@.32 .31 @.33	.29 @.29½ .34 @.35	.50¼@.51¼ .50¼@.51¼	.44 @.44½ .39½@.39¾	.35¼@.37½ .37 @.37½	.30¾@.30¾ .29¼@.30¼
October	16..... 1.....	.27½@.29½ .27 @.27½	.36 @.36½ .47½@.49	.50½@.51½ .45 @.46	.40 @.40¾ .37 @.37¼	.35¼@.36½ .35½@.36¼	.31½@.31¾ .30 @.30½
November	1..... 16.....	.28 @.29 .25½@.26½	.38½@.39½ .39 @.39½	.46 @.47½ .46½@.47	.39¼@.40 .41½@.42	.41½@.42½ .38½@.38¾	.31¾@.32 .31¾@.31¾
December	1..... 16.....	.26 @.26½	.46 @.48	.55½@.56	.46 @.46¾	.42¼@.42½	.32 @.32½

The following tables taken from the fifteenth annual report of the Board of Trade show at a glance the growth of the grain and provision interest during the fifteen years prior to the great fire:

Receipts and Shipments of Cattle and Hogs at Chicago—1857-1871

Year.	Cattle		Hogs	
	Received	Shipped	Received	Shipped
1857.....	48,524	25,502	244,345	123,568
1858.....	140,534	42,638	540,486	192,013
1859.....	111,694	37,584	271,224	110,246
1860.....	117,101	97,474	392,864	227,164
1861.....	204,259	124,145	675,902	289,094
1862.....	209,655	112,745	1,348,890	491,135
1863.....	304,448	301,066	1,956,873	862,190
1864.....	338,840	253,439	1,575,328	659,392
1865.....	330,301	301,637	849,311	644,645
1866.....	384,251	268,733	1,286,326	576,099
1867.....	329,243	216,982	1,987,120	916,638
1868.....	323,514	217,897	1,988,515	1,247,713
1869.....	403,102	294,717	1,852,382	1,285,935
1870.....	532,964	391,709	1,953,372	1,095,675
1871.....	543,050	401,927	2,652,549	1,331,759

On the average dressed hogs, both received and shipped, ranged from ten to twenty per cent of the totals. The rapid gain of the active war years, and the big slump in 1865, indicate the part that that event had in building up the pork-packing industry in Chicago. This slump, was, however, but temporary. It was immediately followed by a no less remarkable advance.

Beef and Pork Packing in Chicago—1851-2 to 1871-2

Season	Cattle, packed	Hogs, packed	Season	Cattle, packed	Hogs, packed
1851-52....	21,806	22,036	1862-63....	59,687	970,264
1852-53....	24,663	44,156	1863-64....	70,086	904,659
1853-54....	25,431	52,849	1864-65....	92,459	760,514
1854-55....	23,691	73,694	1865-66....	27,172	507,355
1855-56....	28,972	80,380	1866-67....	25,996	639,332
1856-57....	14,971	74,000	1867-68....	35,348	796,226
1857-58....	34,675	99,262	1868-69....	26,950	597,954
1858-59....	45,503	179,684	1869-70....	11,963	688,140
1859-60....	51,606	151,339	1870-71....	21,254	919,197
1860-61....	34,624	271,805	1871-72....	16,080	1,225,236
1861-62....	53,763	505,691			

A comparison of the figures for beef packing and pork packing shows that during the period covered they did not travel on anything like parallel lines. Indeed, after the war the number of cattle packed in Chicago decreased heavily, and recovery was slow. The following gives the names of the principal beef packing concerns

engaged in this industry in Chicago, together with the number of cattle handled by them respectively during the season 1870-71, as shown by the Supplementary Report of the Board of Trade: Armour & Co., 4,156; Culbertson, Blair & Co., 7,709; John L. Hancock, 1,949; A. E. Kent & Co., 7,440.

The following is a list of the pork packers in Chicago during the season 1870-71. Packers and numbers of hogs packed: Armour & Co., 65,878; A. Anthony, 5,500; H. Botsford & Co., 76,550; Bowers & Co., 3,199; Henry Brinkworth, 3,400; Chicago Packing & Provision Company, 193,713; Culbertson, Blair & Co., 89,184; Davis, Knowles & Co., 15,184; Fernald & Crosby, 14,499; John L. Hancock, 35,392; Geo. W. Higgins & Co., 67,687; O. S. Hough & Sons, 28,181; Kelley Brothers, 30,228; A. E. Kent & Co., 106,791; D. Kreigh & Co., 20,221; Leland & Mixer, 8,765; Milward, Barron & Co., 4,273; B. F. Murphy & Co., 33,759; John Nash, 17,249; S. S. Nutting & Co., 3,200; Oliver & Pierce, 3,548; E. G. Orvis, 3,000; Pyne, Flannigan & R., 4,570; G. D. Ruggles & Co., 15,803; A. & J. Shaw, 6,500; Stower's Packing & Provision Company, 10,000; Tobey & Booth, 21,699; other packers, 31,234. The total number of hogs packed in Chicago in the season of 1870-71 was 919,197.

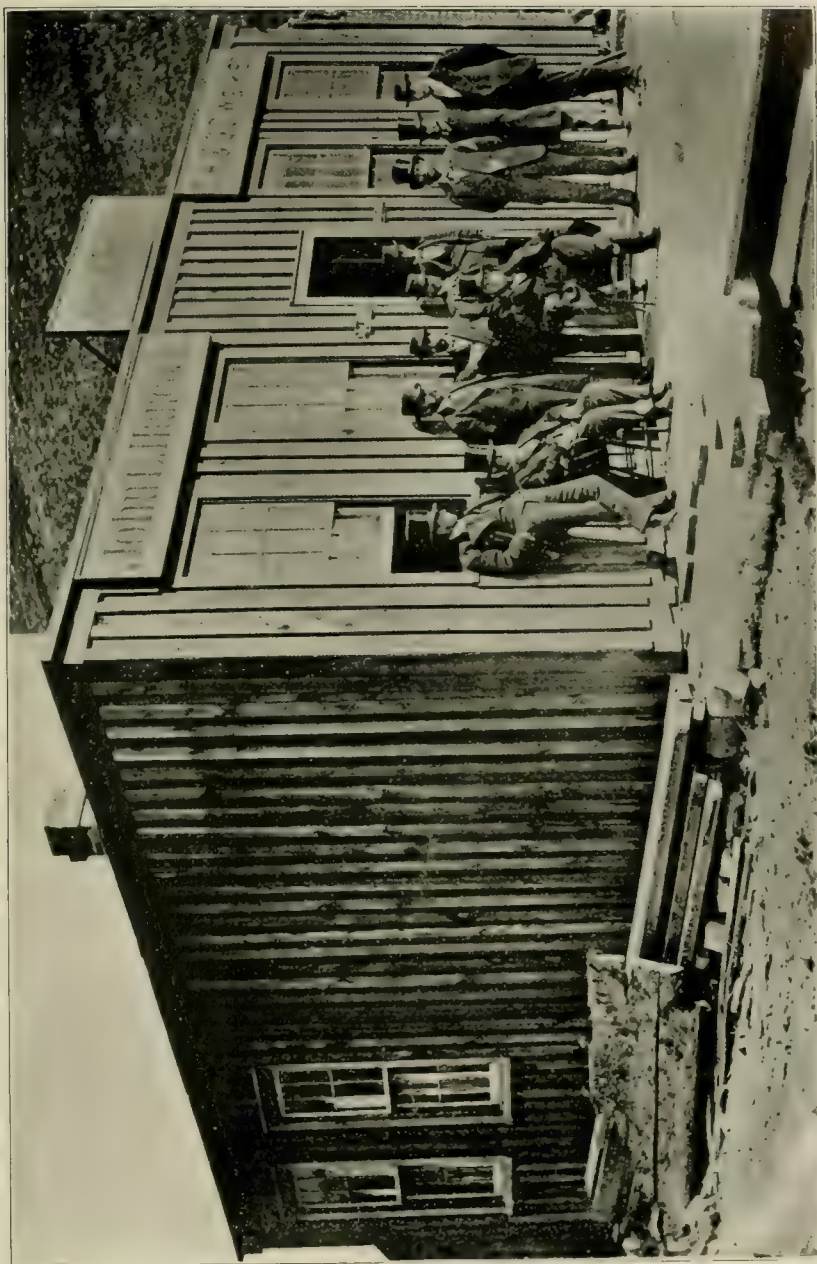
The flour manufacturing industry in Chicago was in anything but a healthy condition at the close of this period. After a very satisfactory advance following the war, notably in 1868, a decline set in. Of course the last year was exceptional, owing to the conflagration of 1871, which destroyed several of the leading mills.

The elevator systems, with their nominal capacity, in 1871, was as follows: J. & E. Buckingham (1), 1,600,000 bushels; Flint, Thompson & Co. (2), 2,000,000 bushels; Armour, Dole & Co. (2), 2,100,000 bushels; Munn & Scott (4), 2,700,000 bushels; Spruance, Preston & Co. (1), 300,000 bushels; Edward Hempstead (1), 200,000 bushels; total capacity of the eleven elevators, 8,900,000 bushels.

The following are the name of the elevators destroyed by fire, together with their nominal capacity and amount of grain in store at time of the great fire, October 9, 1871:

Name	Nominal capacity	Grain in store at time of fire
Central Elevator A.....	700,000	533,090
Munger & Armour's Elevator.....	600,000	379,666
Galena Elevator	450,000	266,193
Hiram Wheeler's Elevator.....	400,000	209,744
National Elevator	250,000	170,702
Lunt's Elevator	75,000	.....
Totals	2,475,000	1,559,395

With a few words upon the transportation matter, so vital to the growth and development of commerce, the history of this period



In the Above Group Are Some of the Most Prominent Business Men of Chicago. All the Firms Named Were Conspicuous After the Fire in 1871.
in the Activities of the Board of Trade.

from the close of the war to the great fire will be closed. The Statistical Abstract for 1915, issued by the Department of Commerce, Bureau of Foreign and Domestic Commerce, gives the following interesting figures showing the increase of railroad mileage from 1850 to 1871, as follows: 1850, 9,021; 1855, 18,374; 1860, 30,626; 1861, 31,286; 1862, 32,120; 1863, 33,170; 1864, 33,908; 1865, 35,085; 1866, 36,801; 1867, 39,250; 1868, 42,229; 1869, 46,844; 1870, 52,922; 1871, 60,301.

This period was distinguished by the beginning of a rapid welding of short connecting railroads into long lines under a single ownership. The New York Central and the Pennsylvania Railroads are good examples of these consolidations. During the eleven years—1860-1871—the railroad mileage of the United States nearly doubled, and this activity continued until the panic of 1873 checked for a time the building of new railroads.

The Fast Freight Lines, whose cars ran over several railroads, were organized about the time the Civil War closed, and were an important factor in the freight business of the country.

CHAPTER VII

From the Great Fire to the Resumption of Specie Payment in 1879

1872

THE first business day of 1872 was made memorable in the history of the Board of Trade by a visit from Grand Duke Prince Alexis of Russia. The Grand Duke made a tour of the United States at this time and he was everywhere received with great eclat, his visit being regarded as an expression of the friendship entertained for the United States by the Imperial Russian Government. The Board of Trade of Chicago was always a center of attraction for distinguished guests. The members felt themselves honored by this royal visit and the exchange room and the corridors were filled with a throng which cheered wildly when the Prince appeared, being met at the doorway by President Preston, who introduced him on 'Change. Prince Alexis made a brief speech, expressing his gratitude for the warm welcome and his admiration for the indomitable spirit and energy which Chicago had shown in the face of the great disaster which had befallen it but a few months previously. After a brief stay at the Chamber of Commerce Building, prominent members of the Board escorted the Prince and his retinue to the stock yards, where the plant of B. P. Hutchinson, then the largest in Chicago, was inspected, after which lunch was served at the Transit House, which was the pride of the live stock world of the West. Another distinguished guest, in February, was Baron Iwakura of the Japanese Embassy, who, with his suite, was inspecting the industries of this country for the benefit of his nation, which was then but beginning to adopt the ways of western civilization. President Preston introduced the Baron, who was received with cheers, for which he made gracious acknowledgment. United States Minister to Japan De Long accompanied Baron Iwakura and spoke briefly to the members of the Board.

Aside from these social functions and the daily routine of the market, the question which most vitally concerned the Board of Trade members at this time was that presented by the warehouse situation. It was quite generally admitted that state inspection had done as well as could be expected. There were individual complaints, but the Chicago "Tribune," speaking editorially, praised the new commission, and stated that the law was working well and that there seemed to be an improving spirit of compliance with its provisions. The "Tribune" pointed out that from August 7 to November 1, 1871, nearly twice the number of inspections were

made as in the corresponding period of 1870, and that complaints had not increased proportionately. The great problem, however, was the disposition of the vast quantities of grain which were being received in Chicago daily. There were evidences that a combination existed among the warehousemen in connection with the railroads, the result being that the regular warehouses were full and those outside of the combine were empty. Before the middle of January it was estimated that there were 7,750,000 bushels of grain stored in the city, which was almost the complete working capacity of the elevators. By February the situation was still more acute, although a million bushels were afloat in ships in the harbor. Corn on track was 3 cents per bushel less than corn in store, and a virtual blockade existed, which depressed prices not only of grain but of hogs. In the meantime it was said that two elevators were nearly empty because they were not in the combine. The Illinois River Elevator (E. Hempsted & Company) brought suit against the Northwestern Railroad to compel it to deliver grain to the elevator. The incident which provoked this suit was that the Rock Island Railroad had agreed to deliver thirty cars to the elevator; fifteen cars were delivered, when the Northwestern sent an engine onto the switch to prevent any further delivery. The Rock Island sent two engines to the scene, backed the Northwestern engine off the switch and delivered the fifteen additional cars. This suit and the prompt action of the Rock Island Railroad brought about a speedy sale of the elevator to Munn & Scott, members of the combine, for the sum of \$70,000. In March there was a further sensation when Hugh Meagher seized the Iowa Elevator, owned by Spruance, Preston & Co. This was done by force and the occupants of the elevator, one of whom chanced to be a state grain inspector, were thrown out into the mud. The police were called and the elevator was guarded day and night by representatives of both Meagher and Spruance, Preston & Company. The latter company made application for a receivership, and Dr. O. A. Turpin was appointed and placed in possession of the disputed property.

Master in Chancery H. Woodbridge, in whose hands had been placed the disposition of the funds arising from the sale of wheat stored in the burned elevators, made the welcome announcement, in March, that, upon proofs of ownership being made, he was ready to divide the money received from the sale. It was in this month, also, that upon the petition signed by one hundred members, the Directors instituted a daily "call" of produce. The first "call" was made on Monday, March 11, and did not prove as satisfactory as had been expected. The "Tribune" reported that there were no deals in provisions, two deals in wheat, and two in corn, as a result of the call. Other matters which interested the Board at this time were the proposal of a combination of grain shippers to build a floating warehouse; and a resolution, which was laid over until the

annual meeting, endorsing the project of building a three-track air line railroad between Chicago and New York.

The annual election, held April 1, 1872, was a quiet and harmonious affair. J. W. Preston was re-elected President; C. E. Culver, First Vice-President; W. N. Brainard, Second Vice-President, and C. J. Davis, W. N. Sturges, J. R. Bensley, W. E. Richardson and B. M. Ford, Directors. Charles Randolph was reappointed Secretary. At the meeting the resolution favoring the construction of the proposed air line railroad was adopted, and at an adjourned meeting held April 3 the rules were amended, to allow the suspension of members who did not abide by the decision of the Arbitration and Appeals Committees. It was provided that members carrying matters before these committees must first agree in writing to abide by their decisions. This action was made necessary by a court ruling that decisions of these committees were not legally binding. A resolution by R. S. Whitney was adopted requesting the Directors to reduce the dues for the coming nine months from \$20 to \$10 on account of the losses which the members had sustained in the fire. The Directors refused this request, stating that they did not feel it right to draw on the reserve fund of the Board in order to meet current expenses, and that this would be necessary if the dues were reduced. The Directors proposed, however, that thereafter when any member withdrew or died, he or his heirs should receive one-half of the amount of the current initiation fees. On April 4 it was announced that the bridge across the Missouri River between Council Bluffs and Omaha had been opened for traffic, this being the last link in the steel chain which united East and West. On May 3, 1872, occurred the death of Samuel How, who was one of the oldest and most highly respected members of the Board, and whose death caused genuine regret and grief.

This was a year of intense activity in speculation, and there were numerous attempts to corner the market in grain and provisions. May 8, owing to unfavorable crop reports and to manipulation of the market, wheat went up 7 cents per bushel. There were reports that a corner was being formed on wheat, and a resolution was introduced to declare packing houses contiguous to the river to be regular warehouses and thus to increase the storage capacity of the city. This was said to be a scheme of the wheat shorts to enable them to deliver grain from Milwaukee, and it was tabled. In June the attempt to corner oats brought large shipments of that grain to Chicago. The warehousemen refused storage for oats, and the railroad companies placed an embargo upon shipments claiming that they could not be stored. This action caused much indignation among the members of the Board. It was reported that there were 150 cars of oats on the tracks which the warehousemen had refused to receive. A meeting was held in the Directors' room at which S. H. McCrea presided and C. E. Culver

acted as secretary. A resolution was passed condemning the action of the railroads and appointing a committee of three to confer with the officials of the Chicago & Northwestern, and the Chicago, St. Louis & Alton. This committee reported that the railroads claimed that they feared losses in receiving shipments of oats, and that owing to the condition of the market oats were held in storage while corn was not. The elevator men made a similar answer. Mr. Munn ✓ of the firm of Munn & Scott stated the position of the elevator men, and P. R. Chandler, who was the chief manipulator in the corner on oats, and who was said to own at least one million bushels out of the 1,200,000 bushels then in storage, offered to take and pay for all oats that might be delivered in good condition. He said that he could not ship except at a loss of from 5 to 6 cents per bushel. The Chicago & Alton denied that they had refused to receive oats, and there were threats of suits on the part of those who had oats ready to ship but who were prevented from doing so. C. J. Davis, C. E. Culver and A. M. Wright were appointed as a committee to investigate the matter further. The Burlington road announced that it had arranged for storage and was giving special facilities for the shipment of oats. The Northwestern and the Alton denied the existence of a plot, and announced that they were ready to ship oats, but that there was no storage room. The Munn ✓ & Scott elevators were full. Armour, Dole & Company said they would make no discrimination against oats and would add room for 200,000 bushels of oats at once and would also accommodate 100,000 bushels in their transfer house. The Northwestern agreed to deliver 200,000 bushels each to the Chicago Dock Company and to A. E. Neely & Company. The committee reported recommending that receipts from these added warehouses be declared regular. A resolution to this effect was brought before a full meeting of the Board and created much ill-feeling, although it was finally adopted. The warehousemen declared this action an outrage, and the men interested in the corner declared they would not accept receipts from the Chicago Dock Company. It was reported on 'Change that agents of the Northwestern had been notified not to receive shipments of any kind of grain for Chicago. As the price of oats went up the feeling among the members increased, and this was not allayed by the announcement that while the Union elevator had agreed not to discriminate against grain shipped via the Alton Railroad, no oats had been accepted for storage. The general superintendent of the Chicago & Alton declared that a large number of cars of oats had been refused by the Union elevator on account of their having no room, and he said the Alton would be willing to deliver to any warehouse which they could reach. Mr. Hitchcock, attorney for the Board of Trade, rendered an opinion that receipts given by the newly authorized warehouses would not be regular for delivery on contracts made prior to June 7, but indicated that they

would be on contracts made after that date. Those interested in the corner refused to abide by this opinion and declared they would not accept receipts in any save the old regular warehouses. On June 15 the "Java" took a cargo of 100,000 bushels of oats from the Illinois elevator. It was found, however, that the space thus left vacant had already been contracted for either to be filled with corn or to be left idle. This episode created much feeling. The manipulators of the corner were strong and confident until about the middle of June. It was their announced intention to hold the price at not less than 41 cents per bushel. Their plan was first, to buy all the oats actually in the market; second, to buy all that the bears would sell for June delivery, and, third, to sell "puts" for the month at about 41 cents per bushel. It was stated that these "puts" were peddled about the city, inducing speculation on the part of large numbers of people not ordinarily in the market. Some \$25,000 worth of these "puts" were said to have been sold, and the money used to strengthen the market. However, Mr. Chandler and his friends had not counted upon the great inrush of oats attracted to Chicago by the higher prices. The receipts during June were for that time enormous, and every effort was made to deliver them into store. Public opinion was decidedly against the would-be corners, and representations were made to Chandler's backers not to aid in blocking commerce, and these representations were said to have had some effect in preventing Mr. Chandler from securing sufficient funds to consummate the deal. On the evening of June 17 there were rumors that Chandler was in financial difficulties. In the morning of June 18, Chandler, Pomeroy and Noyes, brokers for P. R. Chandler, took all the oats delivered up to 11 a. m., paying in certified checks. At 11 o'clock they took advantage of the rule permitting brokers to refuse deliveries made between the hours of 11 and 1. It was rumored that Mr. Chandler was out among the banks seeking to raise funds, and this report, together with the closed offices, before which a long line had gathered, started the price downward with a rush. In a few moments the price fell to 35 cents, rallying, however, to 37 cents. In the early afternoon the suspension of the firm of Chandler, Pomeroy & Noyes was announced, and the price fell to 31 cents. P. R. Chandler, who was at the head of this manipulation, was superintendent of the Union Stock Yards. He was the father of the Chandler of the Chandler, Pomeroy & Noyes firm. Mr. Noyes had withdrawn from the firm in November, 1871, and was not involved in the suspension. The losers in this corner were many. Banks had advanced money on oats at from 30 to 35 cents per bushel, which was in excess of the market price after the crash, involving the banks in loss. Mr. Chandler repudiated the transactions in privileges, thus creating a large number of small losers. The firm of Chandler, Pomeroy & Noyes was of good financial rating and but few margins had been

called for. However, during the last days of the deal the shrewder traders sold to other parties, rather than to Mr. Chandler. Public indignation against Chandler was very strong, and this was directed also against the warehousemen, who were alleged to have been in the plot to prevent the storage of oats. A sign posted in the exchange hall read as follows: "First stage—plenty money, no wheat. Second stage—plenty wheat, no money. Third stage—no wheat, no money." An instance of how the corner operated to the injury of innocent parties was given in the "Tribune," which stated that a man at Whiteside, Illinois, sold 15,000 bushels of his own oats on the Chicago markets, before the corner was started, at 38 cents per bushel, to be delivered in June. The blockade of railroad and warehouse facilities made it impossible for him to make the actual delivery, and he was forced to buy from the manipulators at 43 cents to settle his contract. When his oats reached the market they sold for 31 cents per bushel, and the shipper had a loss of 12 cents per bushel on his own oats. The price of oats tended steadily downward on account of the heavy selling, and there was no material recovery during the remainder of the year. In the latter part of July the oats held by Chandler were shipped by those who had advanced money to him, and there was talk of legal action against Mr. Chandler, but nothing was done. This was in some respects the most spectacular failure to control the market that the Board of Trade had known. Prices of other produce were affected by the fall in oats and wheat lost 20 cents in the week following the crash.

Contrary to the usual precedent, Mr. Preston had been re-elected President of the Board in recognition of his work during the period after the fire, and in order that he might remain at the head of the Board of Trade until its new building was completed. The work on this building was being pushed rapidly and the members took great pride in its progress, and in its superiority over the old structure. The "Tribune" of June 24, speaks of the frescoing as follows: "The frescos for the Chamber of Commerce building are a great improvement over those of the old structure, the designs are highly elaborate, the central ellipse, 20 by 30 feet, will give a view of the sky, and north of this will be a panel representing Mercury and Ceres, the genie of Commerce and Agriculture. The opposite panel will represent the Fine Arts in the persons of Apollo and Minerva. The ceiling will show the coats of arms of the state of Illinois and of the United States. There will be two most imposing scenes, one showing Chicago before and after the fire, and the other showing the burning city. P. M. Almini & Company have the frescoing in charge."

Among the minor matters of interest to the members during the midsummer months of 1872 were the establishment of a rule that notice of withdrawal from membership must be posted for ten days

in order to ascertain that the member was in good standing; the return of a verdict of guilty against the warehousemen who had been indicted for not taking out licenses under the warehouse law; the record trip of the propeller "Alaska," which delivered grain to New York (via Erie Railroad from Erie) in ten days, exclusive of Sundays and the days of receipt and delivery, and the announcement that out of insurance losses of \$96,000,000 on account of the Chicago fire, \$38,000,000 had been paid and \$53,000,000 were then unpaid, salvage and discount amounting to about \$5,000,000.

The next great market excitement was due to a corner on pork. This had been in progress quietly for some time, but did not attract general attention until the latter part of July, when it was stated that the shorts in order to cover were having Louisville pork repacked and sent to Chicago, and it was reported that the buyers were not allowed to inspect this pork in the packing house, and that they would refuse to accept repacked pork. By July 30 the corner was fully developed; it was declared to be a "war of giants," and the syndicate was said to have paid out \$1,250,000 and to have millions more on deposit here. Pork from Cincinnati and Louisville was shipped here in large quantities and passed inspection, and the Governor General of Canada was reported to be one of the heavy backers of the deal. It was charged that the rules against repacking and rebranding were being violated. It was in the midst of these cornering operations (for a like deal was in progress in the wheat market) that Alex Murison introduced a resolution amending the rule as follows: "Provided, that in estimating the market price of property, in all cases, the legitimate value of the property for shipment to other markets shall alone be considered." This rule in substance was later adopted. By the 3rd of August it was stated that the pork manipulators held 130,000 barrels of pork—more than were packed in the city the previous season, and that there was more pork to come, as other cities were glad to unload on Chicago. In the meantime the corner in wheat began to attract more attention. On August 2 there was a general call for margins, and on the 3rd it was rumored that large shipments of wheat were being made from Milwaukee for the benefit of the shorts. On August 5 the Flint & Thompson elevator received the first shipment of new spring wheat, which was reported in good condition; and it was stated that receipts of 750,000 bushels were expected during the month, and that 36,000 bushels had been received from Milwaukee, which showed a good profit. It was at this time that Mr. Murphy offered an amendment to the rules to the effect that both parties to a trade should be required to deposit the same amount of margin. The idea of the amendment was to protect the shorts as well as the longs, and the Chandler episode was cited as a case in point. On August 5 the Iowa elevator, owned by Hugh Maher, was burned, and the loss of grain in storage was

reported as 128,000 bushels of corn and 47,000 bushels of oats. The receipts issued by the Iowa elevator were "regular," but were said not to have been generally bankable. The loss was estimated at \$100,000. A scandal which stirred the whole exchange followed this fire. According to the warehouse registration books the elevator contained 82,000 bushels of corn. Mr. Maher stated that the house contained 154,000 bushels and admitted that receipts were outstanding for 269,000 bushels, while others claimed that receipts were outstanding for 313,000 bushels. Mr. Maher admitted that he sold cargoes f. o. b. and bought receipts of other houses to equal the difference. It was freely charged on 'Change that receipts had been sold on the market after the grain had been shipped on which the receipts were issued. It was urged that the registration system was inadequate and that the warehouse law failed to prevent fraud. The situation worked an injury upon the owners of the grain supposed to be in this warehouse on account of the insurance, the companies refusing to pay losses for grain not in store. W. N. Brainard, C. J. Blair and J. McGlashen were appointed as a committee to look after the owners' interests. Mr. Maher promised to pay all losses providing there was no prosecution, and it was admitted that receipts were outstanding for more than the capacity of the elevator by 165,000 bushels. On August 8 a resolution introduced by Robert Warren was unanimously adopted calling on the warehouse commission to prosecute the guilty parties. The damaged grain in the burned elevator was sold at auction. (This scandal called attention to general warehouse conditions, and, on August 13, the "Tribune" alluded to the fact that the Munn & Scott elevators reported 626,650 bushels of corn in store, while the registrar reported but 417,501 bushels. In wheat the same discrepancy was said to exist, as Munn & Scott reported 245,000 bushels and the registrar 178,000 bushels. It was claimed that the statement of receipts and shipments showed a difference of 1,531,343 bushels, and the demand was made that the grain in the elevators be measured. The excitement of the wheat corner steadily increased and the Milwaukee dealers and the farmers generally throughout the West rushed their wheat to the Chicago market, meeting the usual obstacles of lack of cars and storage. It was stated that the elevator men and some bankers were interested in the corner and that wheat storage was refused. On August 17 it was announced that a cargo of 25,000 bushels of wheat had been ordered from Buffalo. In the meantime a settlement was proposed in the Iowa elevator case, the insurance companies to pay 28.13 per cent of the loss and Maher to pay 65 per cent on account of the bogus receipts, and, under the pressure of public opinion, all the warehousemen, but one, consented to an investigation of the amount of grain in store. The shipments of wheat were becoming immense. It was stated that Des Moines was shipping 100 cars daily, and that every bin in the

West was being scraped for wheat for the Chicago market. Under the pressure of these heavy receipts the wheat market declined two cents on the 17th and on the 19th of August "a regular panic" set in, and seller the month declined nearly 30 cents more, and an additional 16 or 17 cents the following day. The collapse came suddenly when Des Moines parties called for large margins, which the manipulators were unable to put up. Wheat declined 47 cents in little more than twenty-four hours, J. B. Lyon, who was at the head of the manipulation, having told his associates to save themselves if possible. This was the greatest wheat corner ever known up to that time on the Chicago Board of Trade. It was operated by John B. Lyon and Thomas Chisholm of Toronto, and with them were associated the elevator firms of Munn & Scott, and Hugh Maher, proprietor of the Iowa elevator. The combine began as early as the middle of June, purchasing through a number of brokers all the wheat they could get for August delivery, and covered their tracks so well that they had bought over 3,000,000 of "shorts" before the scheme was suspected. When it did become known the price of August wheat rapidly advanced. "Seller August" sold at \$1.19 in the early part of July, but, under the influence of very light receipts, and the belief that the stock of old wheat in the country was about exhausted, it ran up to \$1.61¼ before the final explosion came. The Liverpool and New York market failed to respond for some time, but began to advance towards the end of July, and prices at these points moved upward by irregular jumps. This enabled the combine to ship out wheat until the very last so that they kept the stock in store very low compared with what is usual in case of a corner. At the time of the break-up, which occurred Monday and Tuesday, August 19 and 20, there were only 800,000 bushels of wheat of all grades in store in Chicago, and very much of this was of the crop of 1872. One contributing cause of the downfall of the corner was the receipts by the banks of Chicago of an admonition from the Comptroller of the Currency that they must adhere strictly to the terms of the law, under which they were not allowed to loan more than 10 per cent of their capital to any one man or firm. The banks so informed the Lyon combine, and, as the latter could not raise funds even on good collateral, they were unable to carry out fully their tactics of purchasing all the wheat that came in. The combine had bought some 4,000,000 or 5,000,000 bushels of August wheat and were supposed to have settled up all but about a million bushels at an average profit of nearly forty cents per bushel. The smash-up resulted in the suspension, temporary in most cases, of about twelve firms, and at the end of the week J. B. Lyon & Co. called a meeting of their creditors, at which a proposition to settle at 25 cents on the dollar was made. Before the corner collapsed the principal "shorts" had offered to settle at \$1.50, and when this was refused they had sent out to all the neighboring

states to have wheat shipped at once. The receipts for the first week of August were 71,000 bushels, the second week 158,000 bushels, the week ending August 17, 454,000 bushels, and on August 20 they were 193,000 bushels. It was rumored that Munn & Scott had failed, but they weathered the storm. Country dealers were heavy losers. One result of these manipulations was a petition by bankers and business men of Chicago urging warehousemen not to deliver grain on orders to ship until the receipts had been cancelled by the grain registrar. Further, the warehouse commission proceeded to measure the grain in the elevators and employed Mr. Hitchcock to prosecute Hugh Maher. The feeling against Mr. Lyon was particularly strong when he, at first, refused to endorse margin checks for money deposited by his firm as security on contracts. Later he agreed to sign margin checks, but his expulsion was demanded by members of the Board, and the Directors held a meeting at which Lyon was suspended. These manipulations led to various attempts to amend the rules, and on August 28 a rule was proposed by a joint committee of Board of Trade members of Milwaukee and Chicago, which came up for action September 2 and was designed to protect both parties to trades against any loss in the event of the failure of either to meet engagements by affording means, which, if availed of, would furnish ample margin. Upon motion of W. N. Brainard, however, the following substitute was adopted:

“On time contracts purchasers shall have the right to require of sellers, as security, ten per cent margins based upon the contract price, and further security, to the extent of any advance in the market above said price. Sellers shall have the right to require, as security from buyers, ten per cent margins on the contract price of the property sold, and, in addition, any difference that may exist between the intrinsic value and the price of sale. In case of decline in the intrinsic value of any such property, sellers may, from time to time, require of buyers additional security to the extent of any such decline. All such security or margins to be deposited with the Treasurer of the Association, unless otherwise agreed upon by the parties. In determining the intrinsic value of property under this rule, its value for shipment to eastern or southern markets, or for manufacturing, shall alone be considered, irrespective of any fictitious price it may, at the time, be selling for in this market, and in case of a disagreement between the parties as to such value, it shall be determined by the Secretary, or, in his absence, by the President of the Board of Trade, under the control and approbation of the Board of Directors.”

The settlement of accounts with the various suspended firms was long drawn out and occasioned much litigation and many controversies. The creditors of P. R. Chandler and Chandler, Pomeroy & Co. were served on September 10 with the notices usual in cases of bankruptcy. The indebtedness was somewhere in the neighborhood of \$700,000, which did not include the “puts” on oats, but

did include some on wheat. In consequence of this, the owners of the oats privileges held a meeting to devise measures to protect their interests. There was also a meeting of the creditors of F. J. Diamond, at which Messrs. Sturges, Ranney and Cooley were appointed a committee to prepare a list of creditors and to report at a later meeting. At this meeting it was reported that Diamond's liabilities were \$150,000 and that he had left the city and had taken his books with him, and that R. S. Jennings was also missing. Later it was reported that Diamond was seen in New York, but he did not return to Chicago and no satisfactory settlement of his affairs was obtained. Although suspended from the Board, Lyon & Co. continued in the grain business, acting through brokers, and it was reported that they had shipped fifty-seven cargoes of grain since their failure. In the latter part of September, Munn & Scott disposed of their interest in the Union, City, Northwestern, and Munn & Scott elevators to George Armour, who continued the business under the firm name of George Armour & Co. It developed later that this action was necessary on account of the financial losses Munn & Scott had sustained and as receipts in their elevators were discredited and were not bankable. This left the warehouses of the city in the hands of J. & E. Buckingham, Flint & Thompson, Armour, Dole & Co., Munger, Wheeler & Co., and George Armour & Co. Five firms which included eight men, all of whom, it was said, were "intermarried" commercially. While the matter was kept as quiet as possible at the time, it developed later that these warehousemen had been in virtual combination for some time, each owning stock in all the warehouses. It was suspected that Munn & Scott had large overissues of receipts for grain, and in order to protect the market and their own interests Mr. George Armour took charge of the Munn & Scott elevators and quietly made purchases of grain in order to make the outstanding receipts good. This action prevented a panic on the Chicago Exchange, which must have followed had all the facts been known at the time. On September 24, Chandler, Pomeroy & Co. were suspended from the Board of Trade and on the 26th a meeting of creditors was held at which G. M. How presided. The creditors were divided in their interests by the question as to whether the many privileges sold by the firm should be recognized or not. At the request of Wirt Dexter, Mr. Kent had been appointed assignee, but there were numerous objections to this, and Mr. Spruance was finally selected.

A large number of workmen and business men had been attracted to Chicago by the great activity in rebuilding, which began immediately after the fire. There were also brought to the city a large number of undesirable citizens and crime of every kind was rampant. Reputable citizens finding the police unable to meet the situation, formed a large association for the enforcement of law and order, and, on the evening of September 26, the Board of



Market and Washington Streets Where the Board Met After the Fire of October, 1871.



Laying Cornerstone, Board of Trade. 1872.

Trade rooms were thrown open to a meeting at which 2,000 of the best men of Chicago entered their protest against crime. Another indication of the unsettled times is found in the agreement to abandon the "call," the "Tribune" stating that the real reason was that under the "call" traders were obliged to deal with all, and that there were a number with whom they did not wish to do business. At a meeting of the directors held October 1, resolutions were passed for the expulsion of Isaac Meyer, James Baxter and W. S. Forrey of the firm of Meyer, Baxter & Co., who were accused of defrauding A. O. Ticknor out of a large sum by false entries. Under the rules this matter was brought before the full Board; A. M. Wright, W. N. Brainard and J. R. Bensley formed the prosecuting committee. After discussion the case was referred back to the directors, and after hearing much evidence the directors again reported in favor of expulsion. The accused made a vigorous fight and circulated a pamphlet containing the testimony in full. The case came before the Board on November 6, and the trial was replete with sensation. C. E. Culver spoke in favor of expulsion, and Mr. Baxter in turn impugned Culver's motives and accused Mr. Ticknor of attempting blackmail. As a result of the trial Mr. Baxter was expelled and Mr. Meyer and Mr. Forrey were not.

In October, not quite a year after the fire, the new Chamber of Commerce building was ready for occupancy. It was announced that the Treasurer of the Board, or rather the Corn Exchange National Bank, would be located in the new building, and that the offices of the Chief Grain Inspector and of the Registrar would be 154 Washington street in the City National Bank Building. It was on October 9, the anniversary of the fire, that the Board of Trade moved to its magnificent new home. At noon of that day the Board of Trade and invited guests moved in procession from the old hall to the new. Among the distinguished guests were Mayor Medill, Judges Drummond, Blodgett, Williams, Booth, Farwell, Rogers, Tree, Jameson, Gary, Porter and Wallace; General John A. Logan, C. B. Farwell, ex-Mayer J. B. Rice, General Sheridan and his staff, W. F. Coolbaugh, Rev. R. W. Patterson, D. A. Jones, president of the Chamber of Commerce, George C. Walker, Vice President J. L. Hancock, C. B. Pope, Artemas Carter, E. G. Hall, D. M. Pearsons, O. K. Hutchinson, F. L. Parker, J. W. Towne and J. F. Brooks, Director of the Chamber of Commerce, and C. S. Reynolds, the Secretary. Ex-President S. H. McCrea and nearly all of the present officers of the Board of Trade were also present. At the new hall the band played "Home Again," and the Glee Club, consisting of W. W. Boynton, W. Gooding, A. E. Clark, C. C. Phillips, D. S. Kimbark, W. J. Coulson, M. Jones and Mr. Sprague, sang "Auld Lang Syne." Daniel A. Jones, President of the Chamber of Commerce, was the first speaker, and he was responded to by C. E. Culver, First Vice President of the Board of Trade, who took the

place of President Preston, who was confined to his home by illness, and was thus unable to be present at this culmination of his work as President of the Board of Trade.. A prayer was offered by Rev. R. W. Patterson and a message of congratulation from Buffalo was read by Secretary Randolph. Addresses were delivered by Hon. W. F. Coolbaugh and Hon. Joseph Medill, and it was related that immediately after the fire the Cook County National Bank placed \$2,000 to the credit of C. L. Raymond, Secretary and Treasurer of the Chamber of Commerce, for the purpose of clearing the still smoking ruins. In concluding his address, turning the new hall over to the Board of Trade, President Jones of the Chamber of Commerce said: "And now in fulfillment of our promise made to you last October, nearly one year ago,—that at this time we would have completed for your Board of Trade a finer building and a more beautiful hall than the old one, and while, owing to the advance in the price of material and labor, which has raised the cost above that contemplated at the commencement, we have spared no pains or expense to make it a model commercial building—I, therefore, now give you formal possession of this beautiful hall, and in so doing permit me to say that I hope that no act of the members of the Board of Trade will have a tendency to clog the great wheels of commerce which are continually rolling in this city, but that every facility will be given to accelerate the trade that naturally seeks this market." Mr. C. E. Culver in response spoke of the early history of the Board and its business relations with the Chamber of Commerce, and said in part as follows:

"Then came that terrible calamity, and in one-half hour was swept away, by a flame of fire, income and home, and with them was destroyed the entire business portion of our city. Of that home the poet writes—

"Men clasped each other's hands and said,
The city of the West is dead."

"There were some even of our own number who doubted if you could build, or we could occupy, so costly a building again. Hearing such doubt expressed, your directors at once sought to know if the Board of Trade desired the building replaced. As soon as the vaults containing the leases and agreements could be opened, a meeting of the Board of Directors of the Board of Trade was held. The agreement was read, and the following resolution was adopted:

"Resolved, That this Board of Directors hereby notify the Chamber of Commerce corporation that this Board will comply with the provisions of the lease held from them; and in conformity with that lease the Board of Trade hereby requires that the Chamber of Commerce reconstruct, at once, their building in as good shape as it was originally, as it is the wish of the Board to occupy the building at the earliest possible day.

"But, sir, your corporation needed only to know that the Board

of Trade would willingly carry out the conditions of the lease; and no sooner were you informed of their action than you commenced the work, thus speedily brought to a successful termination. In my opinion, no one thing did more to remove doubt as to the reconstruction of Chicago than the announcement made on the very week of the fire that men were at work on the new Chamber of Commerce building.

"Inspired by your example, and stimulated by your enterprise, others promptly followed, doubts were dissipated, the future was guaranteed. And now we behold the result! On every hand edifices more magnificent and more substantial than before. Having full confidence in the ability and determination of the directors of the Chamber of Commerce, we expected marvelous things from you, but you have more than met our expectations. You present us, on this, the first anniversary day of the fire, a building far exceeding in beauty and solidity the one lost in the great conflagration of a year ago. To the President and Directors of the Board of Trade it is a source of great regret that circumstances are such that guests from abroad could not be invited to unite with us on this day, and witness for themselves what has been done in our city since that memorable day that we were the recipients of the world's great munificence.

"Sir, you have expressed the hope that while we are privileged to occupy these premises, none of our members will attempt to block the wheels of commerce. In this, let me assure you, your hopes are not more ardent than are those of the President and other officers of our association. I know I but express their views in saying that they regard as disgraceful and dishonorable any attempt to promote one's own personal profit at the expense of the just rights of others.

"And, sir, I appeal to you and to all others who have the interests of our city at heart to assist in inculcating just and equitable principles in trade, to establish which was one of the objects of the formation of our association.

"The recent action of the Board in providing unusual storage room for grain, and their still more recent adoption of new rules for margins on contracts, is evidence of its favoring unrestricted trade, and condemning all interference with the commerce of the city. You have appropriately referred to those who have performed the labor, made and executed the plans of this structure, a structure which for the use intended is not surpassed in size, beauty and convenience by any on this or on the eastern continent; your words and their works do praise them.

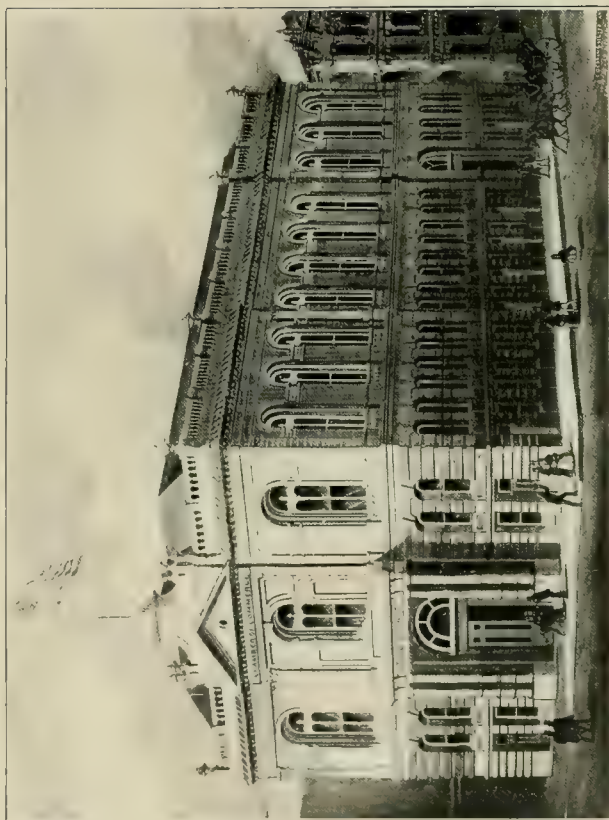
"And now, sir, in behalf of the Board of Trade of the city of Chicago, I do hereby accept as fulfilled the requirements of its directors, as contained in their resolutions of October 13, 1871, and in receiving possession of these rooms I, in the same behalf, return thanks not only to the host of men employed in the construction and completion of this building, but especially to you, their chief, and your untiring and enterprising assistant and secretary, Charles L. Raymond. In this we are not unmindful of that

Providence under whose kind care and good hand your work has been accomplished without the loss of life or limb."

The building committee of the Chamber of Commerce consisted of John L. Hancock, George C. Walker, and Daniel A. Jones, and J. C. Cochrane was the architect. The Board of Trade had been established in its new home but a few days when it had for its guest no less a personage than Hon. James G. Blaine, who was introduced to the members by Vice President Culver.

Perhaps at no other time have the wheels of commerce been stopped by such a cause as they were in October, 1872, and, assuredly, with the advent of the automobile and electricity, they will never be blocked for the same cause again. In the latter part of October it was announced that there was a threatened embargo on the movement of grain along the Erie Canal in consequence of the prevalence of the "horse disease," and it was reported that hundreds of horses were dying daily. The following day it was announced that the canal business was almost suspended, and by the 31st the epidemic had spread to such an extent that it affected the markets, and prices of all kinds of produce went down. The distemper spread rapidly, the wholesale business of Boston was practically suspended, and New York suffered severely. In many cities ox teams replaced horses as draught animals. By the first of November the disease had spread to Chicago, street car traffic was stopped, as were the omnibuses, and little coal could be delivered. All towing teams were taken off the Illinois and Michigan Canal, and ox teams, man power and dummy engines were employed for transportation. The tie-up did not last a great length of time, but while it did the business of the country was almost completely paralyzed.

The meeting of the National Board of Trade was held at New York, October 15, and the Chicago delegates were A. M. Wright, afterwards chosen as one of the Vice Presidents of the National body, George M. How, S. H. McCrea, Asa Dow, A. Murison and N. K. Fairbank. The "Tribune" of October 18 gave the following report of a portion of the proceedings: "In the National Board of Trade yesterday, Mr. Hazard of Buffalo claimed that it was asking too much to expect the State of New York to give up the revenues of the Erie Canal for the sake of a national appropriation to enlarge it, because other States would be more benefited by the work than New York. A committee made a report denouncing generally all the gambling practices in trade, on which the minority reported a substitute denouncing gambling and cornering in grain, stocks, gold, etc., as dishonest. In the discussion it was stated that extensive gambling is done in cotton, the daily nominal sales sometimes exceeding the whole stock of cotton in the country. The majority report was adopted. The committee on relations with Canada re-



BOARD OF TRADE BUILDING ERECTED AFTER THE FIRE
IN 1871

ported in favor of memorializing Congress to authorize a commission to prepare a treaty for reciprocal trade with Canada on a liberal basis, the scheme to involve the enlargement of the Canadian canals by the Dominion government and their free navigation by American vessels. No action was taken on the report."

By November the corner in pork had developed to such an extent as to have a demoralizing effect upon the market. This corner was engineered by Wm. Young & Co., who began buying options in the early part of the year for August delivery. As has been stated, the shorts bought from other cities and it was said that 60,000 barrels of mess pork were delivered to Young & Co. at a cost of some \$750,000, the firm taking and paying for all that was offered. Shipments were stopped, and the trade was demoralized. There being nearly 100,000 barrels in stock in Chicago, packing operations were checked. This corner was more successful than the others attempted during the year, the trade being carried from month to month, and the promoters are said to have netted a profit.

Early in November, the city of Boston was fire swept, and, having its own recent calamity and the generous outpouring of relief fresh in mind, the people of Chicago were anxious to show their sympathy with the distressed people of Boston. On the evening of November 11 a mass meeting was held at the Chamber of Commerce for the purpose of soliciting aid for Boston; J. W. Preston, President of the Board of Trade, called the meeting to order, and Mr. Wirt Dexter made an impassioned speech telling of Boston's generosity to Chicago, and that the people of that city had immediately telegraphed their offers of help and had sent a committee personally bringing their contribution in cash. At this meeting \$49,195 were raised and plans were made for extensive solicitation throughout the city. The soliciting committee for the Board of Trade consisted of B. F. Murphy, J. W. Odell and Howard Priestley.

The month of November, 1872, witnessed the passing of the "Evening Board" which had been established in October, largely at the demand of provision dealers. There was a general desire to shorten the hours of trading rather than to increase them, and on November 13 a committee was appointed by the Chicago Board of Trade to meet with a similar committee from Milwaukee, to consider concerted action to limit the hours of trade. Later in the month a committee of the Board of Trade made a report to the railroad and warehouse commission on the evils of underbilling and stated that there were extensive frauds in short weights. It was in line with this that Flint & Thompson asked that a committee of the Board of Trade be appointed to watch the weighing at the Rock Island elevator, of which they were proprietors. This request was complied with, and I. N. Stiles, W. N. Brainard and J. R. Bensley were appointed. Another reform movement was in the rule proposed by Alex Murison, providing that margins might be deposited

in any national bank complying with the regulations of the Board of Trade. The argument in favor of this was that having a single place of deposit gave too much power to one bank, and it was rumored that officials of the depository bank were at that time engaged in an attempt to control the wheat market. (This amendment was adopted December 23. In the meantime the scandal relative the Munn & Scott elevator had been quieted, but it broke out afresh in November when George Armour & Co. announced that they would furnish the registrar with a statement of all grain in the Munn & Scott elevators, they at the time cautioning against Munn & Scott receipts unless endorsed by George Armour & Co. It was reported that George Armour & Co. had bought about 40,000 bushels of wheat and 475,000 bushels of corn in order to honor Munn & Scott's receipts. There were fresh demands for another invoice of grain in storage, which was strengthened when it was found that there was a discrepancy of 116,262 bushels of wheat in the Northwestern elevator. It was this which brought about the exposure of the fraud perpetrated by Munn & Scott at the time of the measurement of grain in store in August. The "Tribune" of November 20 gives the facts concerning this affair: "When the proposition was made in August to measure up the grain in the different elevators, Munn & Scott signified their willingness to have their houses submitted to examination, but stated they would prefer that some other houses should be measured first. This desire was so reasonable that it was at once deferred to, especially as Munn & Scott are understood to have urged that to take their measurement first might be construed into proofs that they were the parties especially aimed at in the movement. The time occupied in measuring up the others seems to have been improved (?) to put in false bottoms, which were so near the top that the real bottom soon fell out of their scheme." The "Tribune" stated further that the measurements had been taken by an inspector who had been discharged by Chief Grain Inspector McChesney, but later reinstated at the request of Munn & Scott and other elevator men. The revelations were harmless on account of the action of George Armour & Co., but the exposure resulted in offers by the elevator men to measure the grain then in store. The affairs of the Munn & Scott elevator came before the Register in Bankruptcy and the testimony of Ira Y. Munn caused a great sensation. The headlines of the "Tribune" read: "Ira Y. Munn on Stand Lays Bare Elevator Combination—Profits Divided—Agreement in 1866—Included Northwestern Elevators, West Side Elevators, Galena and Wheeler & Munger—A General Pool—History of Contracts with Northwestern Railway Beginning in 1862 and renewed in 1866." These headlines told the story in brief, but the court proceedings developed the full details of the elevator combine, which was said to have included all except the Buckingham, Flint & Thompson, and Vin-

cent Nelson & Co. warehouses. The Directors of the Board of Trade had already been investigating the Munn & Scott elevator, and on November 29 Secretary Randolph read a report recommending the expulsion of Ira Y. Munn and G. L. Scott, on the complaint of H. C. Ranney and others, and on December 3 they were formally expelled from the Board of Trade. One good effect of all this agitation was that the Hough elevator decided to take a license under the State law, being the first of the Chicago elevators to do this, but, that all trickery had not ceased is evidenced by the fact that W. F. Tompkins, Chief Inspector, notified the commission that large quantities of No. 3 barley had been taken from the Armour, Dole & Co. elevator, switched to the Galena track, again inspected, and graded as No. 2, showing a profit of 8 cents per bushel. An investigation of these charges was asked.

Speaking of this eventful year in the history of Chicago and the Board of Trade, Secretary Randolph in his report dated January 1, 1873, said in part as follows:

The year just closed has, in many respects, been the most remarkable one in our history. Its opening found our principal business streets laid waste by the great fire of the previous autumn, and the business of the city was mostly being transacted at great disadvantage, and in quarters illy adapted to the uses into which they had been improvised. A hopeful feeling had, however, come to be indulged by our people, and full confidence was felt that at an early day we should recover from the immense losses, and the derangement of business incident to the terrible ordeal through which we had been called to pass. Sanguine as most of our citizens felt in regard to the future, but few dared predict for a year or more a full return of the unparalleled prosperity our city had enjoyed in the years recently past. No little apprehension was felt that in addition to other untoward circumstances, the total loss of all public records touching the land titles of the city might result in great embarrassment in securing such loans as might be necessary in prosecuting the work of rebuilding the burned district; and while we may not be able to see exactly how such matters have in many cases been arranged to the satisfaction of loaners, little difficulty has been realized in this respect, and all contemplated improvements in the way of building have gone forward with uninterrupted and most vigorous prosecution. Another difficulty was anticipated by many in the line of labor exactions and the possible complications resulting therefrom; but—thanks to the enormous influx of mechanics and laborers—no serious embarrassments of this nature have occurred. Labor has been in abundant supply and usually well rewarded, and there has been little disposition shown to demand for it extortionate rates. The late winter and early spring found many thousands of laborers and mechanics actively employed upon structures that were to replace those destroyed; and with wonderful rapidity, one after another, palatial business blocks were ready for and eagerly seized by the waiting tenants; so that by mid-

summer hundreds of elegant stores were fully stocked and their occupants pushing a thriving and increasing business. At the expiration of one year from the date of the fire business structures nearly equal in extent of accommodation to all that were destroyed in the central portion of the city were in more or less forward condition towards completion, and at the closing in of winter much more than half of these were occupied. The prediction suggested in my last report in regard to an early restoration of the business portion of the city has been much more than realized, and today it is safe to say we have (considering their character and fitness for the uses contemplated) completed and in course of completion more store and office capacity than we had previous to the fire, while in hotel capacity the new very considerably exceeds that of the ante-fire days. Building enterprises have not been confined to the burned district, but many fine and substantial erections have been made on the "West Side" and on the "South Side" beyond the limits of the fire. The character of the buildings erected have, with a very few exceptions, been greatly superior to those destroyed; in fact, it is a common remark by persons of experience visiting the city, that we are promised a city superior to any in this country, in point of beauty of design and finish and solidity of construction. The amount of money already expended, and to be expended on contracts now in course of execution, is scarcely less than \$45,000,000; and the contemplated improvements for 1873 will probably reach one-third to one-half as much more. The building of residences, except of small dimensions and cost, has not been pressed with the same vigor as business structures, but much more is expected to be accomplished during the present year.

The development of business has been no less remarkable than has the wonderful restoration of the facilities for transacting it. The unparalleled degree of sympathy manifested in Chicago's sad fate in October, 1871, has seemed to continue to the extent of patronizing our merchants from new quarters, and to an extent greater than hitherto. The general trade of the year has been good, and where prosecuted with prudence and forecast has been reasonably profitable. Comparatively few of our prominent merchants have discontinued or materially changed their business arrangements, and probably no year in our history has witnessed the appearance of so many new firms with substantial means and ability. Our growth in population has been very marked. A canvass of the city in June, 1871, developed a resident population of 334,270; the depletion consequent upon the fire probably reduced our number to 310,000 or 315,000, but growth again set in before the close of 1871, and has continued steadily since. In October the city authorities took a somewhat imperfect accounting of the people, the result showing a population of 367,396. At the close of the year it should probably be stated at not less than 380,000.

Large as was the business of 1871 in agricultural productions, exceeding that of any previous year, that grand aggregate is greatly exceeded by the year just closed. The same is true of lumber and of other branches of trade.

The year has probably, as a whole, witnessed more irregularity and excitement in the grain trade than any of its predecessors. The trading (largely on speculation) has been enormous, and the tendency for speculation has indeed been rampant. Various theories are advanced as accounting for this growing mania, the more plausible one perhaps, being that owing to large losses by our fire and other sweeping misfortunes here and elsewhere, men have been anxious to hazard on operations apparently promising speedy and fortunate results; but this cannot account for all the increase in this class of business. It is well known by those familiar with the business that much the larger portion of it is transacted by order and on account of parties not residents of this city. The disposition to operate in grain is widespread, and our commission merchants are constantly in receipt of orders for speculative operations; and from all directions the vibrations of values here are carefully noted, involving gain or loss to thousands, many of whom do not hesitate, in bland but deprecating terms, to speak of the business as a species of gambling deserving at least mild censure from well-disposed persons. It may be safely assumed that operations in grain during the past year have not generally been of a profitable nature. No previous year has witnessed bolder attempts at manipulating prices than the past, although since August but little of this disposition has been perceptible. Attempts were made during the earlier portions of the year to control the prices of wheat, oats and pork, on a scale and to an extent not hitherto ventured upon. Nearly all these operations are supposed to have resulted disastrously to a greater or less extent, some producing widespread derangement and financial embarrassment. It is hoped the experience of the past may effectually deter like operations on the future, but in any case it is believed the entire security afforded to operators by recent amendments to the Rules of the Board of Trade touching the matter of ample margins will, if parties choose to avail themselves of their provisions, fully protect both parties to trades against any loss by reason of the inability of either to ultimately meet his engagements.

Flour

The trade in flour has ruled very quiet during the year, in fact, there being but little disposition to speculate in it, no excitements, such as at times attach to grain and provisions, are observable in the market. The demand, while steady, has not generally been urgent. Winter wheat flours have been rather scarce, and have ruled higher, as compared with spring wheat grades, than in most years. The local milling capacity was largely reduced by the fire of last year, and no part of it has been restored, nor is it likely to be unless better arrangements can be affected in regard to the handling of wheat for manufacturing purposes. There are now but two mills in the city of large capacity. Of these, the "Star and Crescent" reports have manufactured in 1872 119,100 barrels, and the "Oriental" (in operation only some three-fourths of the year) 68,868 barrels; the entire manufacture of the city being greatly less than the city's consumption. The receipts have been 1,532,014 bar-

rels, and the shipments 1,361,328 barrels. At the close of the year the stocks throughout the country are unusually light.

Wheat

The receipts of wheat have been 12,724,141 bushels, against 14,439,656 bushels in 1871; the falling off being entirely in the first half of the year, the result proving that a larger per cent of the crop of 1871 was marketed before winter than has been usual. The first seven months of the year, as has been intimated, was marked by a very speculative condition of markets, and prices were held at a point that prevented free shipments hence, and we carried a heavy stock during the spring and early summer. Since August the movement has been more natural and regular. The crops harvested in both the last two years have been good in quality and condition, but in both instances appear to have fallen below general estimates as to quantity. The culture of wheat in Illinois is not increasing relatively with the growth of population; in fact the production of this grain seems most profitable in the more newly-developed territory of the country, and the wheat belt travels westward on an even pace with civilization.

Corn

Although, Illinois may have declined relatively in the production of wheat, it certainly has not in that of corn. The last three crops harvested have been in quantity most abundant, and in quality most excellent. The vast amount of this grain known to be at hand has effectually precluded any disposition to manipulate prices of it, and the trade in it has been characterized by a steady legitimate shipping demand. Prices have ruled lower than for several years past, and it is hardly probable the net results to the producer have been very satisfactory. The receipts have been 47,366,087 bushels, against 41,853,138 bushels in 1871, which was over 8,000,000 bushels in excess of any previous year. The low price of corn has induced a fair foreign demand for it, and exports to Europe have been steady and large.

Oats

The grain suffered the application of a stupendous attempt at "cornering" in June, when some supposed that the amount at that time remaining in the interior was so insignificant that prices both here and at consuming points could be controlled almost at will; and apparently with that view the manipulators offered to "take what there was of them" at 41 cents per bushel. Deliveries were stimulated by the proposition and consumption diminished, corn at that time ruling only about three cents per bushel of 56 pounds above the price for 32 pounds of oats. There proved to be vastly more oats ready for market than had been anticipated, and the result was a more disastrous failure of the "corner" and a sudden decline in price before the end of June to 27 cents. Earlier and later in the year the market ruled steady and generally on a fair shipping basis. Since harvest the range of prices has been very low, sympathizing more or less with the downward tendency in corn. The crop of 1872 was somewhat below the usual quality,

a large portion of it being tainted with a slightly musty aroma. The receipts have been 15,061,715 bushels. In 1871 they were 14,789,414 bushels.

Rye

The receipts of rye have been 1,129,086 bushels. In 1871 they were 2,011,788 bushels. Prices have been remarkably steady throughout the year, the demand being almost wholly for immediate consumption.

Barley

The trade in barley has been quite large, and less subject to fluctuations of price than in most of the recent years. The quality of the last crop was about as the previous one. The city consumption is less than before the fire, as most of our malting establishments were destroyed, and it is only quite recently the reconstructed have been prepared to renew operations. The city consumption, however, must be larger than is indicated by the balance-sheet of the grain movement. The discrepancy can be accounted for by the fact that large amounts are received in sacks, some of which undoubtedly escapes being reported fully. Receipts have been 5,251,750 bushels, against 4,069,410 in 1871.

Live Stock

The largely-increased production of corn for the past three years has greatly accelerated stock raising, and our receipts of both cattle and hogs have been largely in excess of any former year. Indeed, the low price of corn at the seaboard, and the high rates of transportation thither, have left no alternative for the remote producer but the conversion of this crop into beef and pork. The current movement of hogs during the summer months was so large as to attract marked attention, and it seemed a marvel where or how such vast quantities could be disposed of for immediate consumption, as they must be during the warmer seasons. Prices of cattle have, as a general rule, been satisfactory, that of hogs at least as much so as the quantity at market could be hoped to justify. Receipts of cattle have been 684,075, and of hogs (live and dressed) 3,488,528. In 1871 they were of cattle 543,050 and of hogs 2,652,549. The total value of live stock received at the stock yards in 1872 is estimated as follows: Cattle, \$41,000,000; hogs, \$33,500,000; sheep, \$950,000; horses, \$250,000; grand total of \$75,475,000.

Provisions

The packing of pork in the city during the season of 1871-2 amounted to 1,225,236 hogs, an unusually large portion of which was cut into meats for dry salting. The demand for this class of meats has been large during the year, immense quantities being taken for export to Europe, while the home demand, eastern and southern, has been well maintained. In mess pork the trade during the early part of the year was largely speculative. Since August comparatively little has been done in that direction. In this article a successful attempt was made at "cornering" during the summer,

the parties in interest being understood to be wholly non-residents. The rates to which prices were forced brought to this market considerable quantities of pork from points not naturally tributary to us, so that at one time we held the principal portion of the stock in the West. This the "corner" took and subsequently disposed of as best they could. Whether so designed we may not know, but the effect of this operation was to greatly check speculation in the article, and the market has since been left to its natural course.

The packing thus far in this season is somewhat below that of the last at a corresponding date; many anticipate a final result as large, but it may prove that the heavy drain on the hog crop by summer shipments has so depleted the supply as to cause some disappointment in this respect; the capabilities of our country are, however, almost limitless.

Direct Foreign Trade

In direct shipments hence by rail on bills of lading to foreign points the increase is very marked, the aggregate amounting to over 77,000 tons, mainly provisions and grain. Large as this trade is thus shown to be, it does not embrace nearly all the property shipped intended for export, many shippers preferring to consign only to the seaboard cities and there make freight arrangements across the ocean. Importations have largely increased, the details of which are given as far as they can be accurately ascertained from the Custom House. Importation, under the act of Congress passed some two years since, has now been fully inaugurated, and our merchants are well pleased with the marked improvement it gives over the old method of opening, handling and delay at the point of unloading from shipboard. Under the operation of this arrangement purchases of such articles as are imported and needed in the city's trade will be made abroad, rather than of eastern importers, to a much greater extent than heretofore.

Grain Warehousing

The destruction of a large percentage of our grain storage capacity by the fire of 1871 greatly embarrassed the trade during the winter and spring months of 1872, and our existing storage room being fully occupied, before the opening of lake navigation, a large amount of grain was marketed elsewhere that under other circumstances would have been received here. The work of reconstruction was pressed with all possible vigor, and early in August two large elevators, the "Air Line" and "Galena," were opened for business; these are located on the north side of the river, and more than restore the storage capacity at that point. Later in the season the "National" and "Hough's" elevators were completed in the southern portion of the city, and the "Central A" is in a good state of forwardness, so that when it is done, our storage room for bulk grain will exceed by nearly or quite 2,000,000 bushels that which we had previous to the fire. The Messrs. Hough have taken out a license, and propose to fully conform to the requirements of the law of this

state in regard to that class of business. The others have not as yet acceded to the law in regard to license and storage rates, but are believed to be now operating according to the spirit of the law in other respects. The propriety and necessity of a strict legal enactment properly enforced in regard to this business was never more apparent than the last year, during which the public have been pained at the development of transactions highly derogatory to the commercial character of our city; transactions which could not have occurred had the requirements of the law of the state been observed. In the matter of grain inspection, the state assumed control some eighteen months since. The time during which it has exercised this supervision has so far been very opportune, the crops have been good, and the grain has kept remarkably well, and with these favorable circumstances the system has not encountered the difficulties which have been met in previous years. Much complaint is made of irregularity of inspection, both in and out of the elevators, and some of our largest shippers express great dissatisfaction at the manner in which it is done. The inspection of so large an amount of grain as is received at this point cannot probably be made satisfactory to all, and the closest attention by honest and competent inspectors is all that can be expected. No such violent changes in the manner of inspecting grain as are understood to have occurred in August last (apparently to meet a contingency in the market) should ever be permitted, and a more recent illustration of the irregularity of conducting the business, wherein a large quantity of grain was withdrawn from one elevator as of one grade, and sent to another where it was inspected as a higher grade, is to most minds sufficient evidence that to some degree at least there is good ground for complaint.

Transportation

The means and cost of transportation has probably engrossed a larger share of public attention during several years past than any other question of public concern, and the proper remedies for the evils under which this country is laboring do not seem to have as yet been devised. Certainly it is a subject worthy of the most earnest consideration, for upon its issues depend the prosperity of the whole country, especially that portion of it largely devoted to agricultural pursuits. When, as now, it costs the farmer in many cases from one-half to three-quarters of the value of his crop to transport it to market, the question of that cost presents itself to his mind, justly, as one of vital importance.

The Secretary concludes his discussion of the transportation question with a long argument in favor of such a reciprocity treaty as would "secure the immediate completion of the contemplated improvements of the Welland and St. Lawrence Canals, and their free use for our commerce." An American ship canal around the Falls of Niagara, for which the Board of Trade had labored for many years, seems to the Secretary unattainable, and the discussion of the project, therefore, inopportune.

Range of Prices in 1872

Original sources of information as to the Board of Trade affairs prior to 1872 are so few and so difficult of access that market quotations have been given in this history in greater detail than is deemed necessary thereafter. The manipulation of the wheat and oats market during the current year has already been described. No serious attempt was made to interfere with the normal market for corn, rye and barley, and though prices of corn and rye were to some extent sympathetically affected by the erratic fluctuations of wheat and oats. No. 2 corn was about 10 cents a bushel lower at the close of the year than at the beginning, although it sold as high as 48½¢ in May, from which the decline to the close of the year was about 18¢ per bushel. No. 2 rye on the other hand gained about 5 cents during the year, closing at about 70 cents per bushel after touching 93 cents in May, and selling as low as 50 cents in October. No. 2 barley also showed a slight gain for the year, the highest and lowest prices for the first week of the year, 60½ @ 63½ cents, comparing with 64 @ 70 cents, the extremes of the week ending December 28th. The highest price of the year, 71 cents, was reached in May, when other grains were on the rampage; and the lowest price, 48 cents, was quoted in June and again in August.

The pork corner, already referred to, influenced prices of that commodity during most of the year, forcing a maximum of \$16 in July; but, during the week ending December 28th it declined as low as \$11.40, which was \$1.50 @ 2 below the market of the first week of the year. The price of live hogs suitable for packing did not get far away from \$4 @ 4.50 until the closing weeks of the year, when a decline of about 50 cents per hundred pounds was recorded. Fair to choice cattle were quoted at \$3.25 @ 5.75 in the first week of the year, advanced to \$3.50 @ 7.40 in April, declined again to \$2.75 @ 6.50 in July, and the last half of the year showed no recovery, the quotation for the last week of the year being \$3 @ 6.25 per hundred pounds.

1873

As has been noted, the year 1872, following the great fire, was one of intense activity and feverish speculation. By the opening of 1873, Chicago had taken on a more conservative course and the business of the Board of Trade was without the exciting events which marked the year preceding. In September came the great panic, but that was mercifully masked from the minds of men, and almost until the disaster was upon them, the business men of Chicago and of the Board of Trade conducted their affairs apparently without thought that the entire financial and industrial fabric of the United States was to be shaken to its very center. There were, however, many interesting events prior to the panic and many problems which the Board of Trade had to face and solve.

The chief of these were in connection with the new warehouse law, with the warehouses, with the inspection service and with the rules governing the conduct of the Board itself. Financially, the Board of Trade was in good condition in spite of the increased expenditures growing out of the fire and the removal to the new building. The membership was 1,354, being a gain of forty-five. The cash on hand in January, 1872, was \$32,981.64, and receipts from all sources during the year were \$49,885.88; the disbursements were \$81,665.91, leaving a cash balance on hand of \$1,201.61. Much of this expense was, however, in the nature of permanent investment, and the assets of the Board were \$79,672.50. The Directors, in their report, spoke of the contract with the Chamber of Commerce, saying they had rented the whole building in the rear of the main hall for \$10,000 per annum, the Board to pay all over \$30,000 of the cost of construction including the fixtures. The rent of offices, however, made the additional sum to be paid by the Board merely nominal. The Directors also stated that it was expected that the new rules, adopted in 1872, would give stability to trade and prevent manipulations, and the Board was congratulated upon its new home, its high standard of commercial honor and its courage to institute reforms where reforms were necessary. The new officers were C. E. Culver, President; Howard Priestly, Second Vice-President; J. F. Armour, Robert Warren, A. Murison, Thomas Wight, and E. B. Baldwin, Directors. At the annual meeting speeches were made by several of the incoming officers and votes of thanks were tendered both the retiring President, J. W. Preston, and the Secretary, Charles Randolph.

On January 8th the Railroad and Warehouse Commission made its second report covering the year preceding. The report was a confession of the weakness of the law and of its defects, and said: "The laws under which we are to act lack system and symmetry, and presented many obscurities of language and meaning, while the remedies provided for violation of the laws were so indefinite as to prove practically insufficient." The report mentioned the fact that the attorney general had given an opinion to the effect that the act was imperfect. The Board also mentioned the complaint filed by the Board of Trade in November, 1872, relative to the underbilling of grain and also outlined action taken to compel the warehousemen to comply with the law. It was stated that suit against the warehousemen, begun in September, 1871, was interrupted by the fire which destroyed the records. The case was, however, brought to trial in July, 1872, a verdict of "guilty" returned and a fine of \$100 assessed. Appeal was taken which was still pending. Suits as to excessive storage charges had been brought, but the court decided that there was no public remedy as the law fixed no penalty. Suits for overcharges, begun in January, 1873, were brought without much confidence on the part

of the Board on account of the vagueness of the law, and the Board stated that it had prepared two bills to replace the six acts then on the statute books. On account of the Iowa Elevator fraud, the Board stated that it was compelling the presentation of cancelled receipts before the delivery of grain was permitted, and related that its efforts to prosecute the perpetrators of these frauds had been delayed because a first grand jury had ignored their complaint, although a second grand jury had brought indictments. The Munn & Scott case was reviewed, the report saying that after the Iowa Elevator exposure a measurement of grain in all elevators had been ordered; that Munn & Scott said their grain was scattered and that they wished to consolidate it in bins before measurement was taken, and that they used this time to build false bottoms and that, owing to the previous high standing of the firm, the inspectors were imposed on. The Board of Trade felt, as did the commissioners, that the new law was weak and ineffective, but their ideas as to how it should be improved did not wholly coincide with the commissioners' opinion. The matter was discussed by the Committee on Miscellaneous Subjects of the Board of Directors, and it was urged that two commissions be created, one for the railroads, and another for warehouses, and also that the Chief Grain Inspector should be appointed by the commission. This was followed by a general meeting of the Board held on January 25, at which the Milwaukee methods of inspection were discussed, and it was declared to be one of the main objects to take the inspection service out of politics. Resolutions, offered by A. M. Wright, were adopted to send a committee to Springfield and to urge that the state give up inspection but retain its regulation of warehouses and see that they acted as transfer agents merely. It was found, however, that the Board was not unanimous as there were many conflicting interests, some of which supported the law practically as it stood. As a result of this meeting the committee on Miscellaneous Subjects and Secretary Randolph prepared a new bill which was presented to the legislature. The first proposal of this bill was that the Board of Railroad and Warehouse Commissioners be divided and further that there should be a Warehouse and Grain Inspection Commission, to be appointed by the Governor, to consist of three members, no one of whom should be connected with warehouse, railroad, or transportation interests. The salary was placed at \$1,000 and the commission was to have offices in Chicago, and to appoint the Chief Grain Inspector, Assistant Inspectors, and Registrar. The commissioners were to have the right to visit the elevators at any time and to examine their books. The Inspector should be empowered to fix grades upon twenty days' notice and appeals might be taken to the Board of Commissioners; further that no grain should be delivered except on cancelled receipts. This bill was presented to the Legislature on February 15th, and a month

later it was reported for indefinite postponement by the House committee. The next week a strong committee of the Board of Trade visited Springfield to urge the abolishment of State inspection. A little later President Culver contributed a lengthy article to the Chicago Tribune in which he opposed State inspection and quoted the resolution passed by the National Board of Trade at St. Louis, in 1871, to the effect that "All state inspection is unnecessary and oppressive to the mercantile interests of the State." He cited that Milwaukee, St. Louis and Toledo had their own inspection which was working satisfactorily. Mr. Culver did not, however, insist upon the abolishment of State inspection, but urged, at least, that the law be amended to permit new grades of grain to be established whenever the trade demanded a quality of grain not provided for by the existing statute, and that the commissioners should appoint a committee on appeals. President Culver, A. M. Wright, and others appeared before the Legislature in this behalf. While not successful in securing the abolishment of State inspection, these amendments were contained in the bill introduced by Senator Williams which was finally passed. In the meantime there had been a bitter contest over the appointments made by the Governor for the Railway and Warehouse Commission. The Governor first appointed S. H. McCrea of the Board of Trade and Messrs. Robinson and Stilwell. These appointments met with strong opposition especially on the part of the Grange organizations and the friends of Mr. Morgan, then a member of the commission. The Grange appointed a committee of fifteen to wait upon the Governor, and the contest was carried into the Senate, where it became so bitter that all three appointees presented their resignations for the Governor to use if he saw fit. The Senate committee reported unfavorably as to Messrs. Robinson and Stilwell, and in favor of Mr. McCrea, whereupon the Governor withdrew all three names from the Senate and later appointed H. D. Cook of McLean county, D. A. Brown of Sangamon, and John M. Pearson of Madison, and these appointments were promptly confirmed.

In the latter part of January the Cook County National Bank brought suit against George Armour & Company which opened up the inner secrets of the elevator combine. This suit grew out of the Munn & Scott failure and the petition asked to have George L. Scott, George Armour, A. A. Munger, Hiram Wheeler, C. W. Wheeler, G. H. Wheeler, James R. McKay, P. H. Smith and George L. Dunlap adjudged bankrupts as partners in the firm of Munn & Scott. From the testimony of Hiram Wheeler it was shown that the elevator men expended nearly \$400,000 to take up the fraudulent receipts issued by Munn & Scott, purchasing between 60,000 and 80,000 bushels of wheat and 570,000 bushels of corn. The Cook County National Bank failed to recover through this action. In March, the assignees of Munn & Scott asked the transfer of the

title in property held by Jesse Hoyt & Co. and George Armour & Co. to the assignees. This action involved mortgage notes given to Hoyt & Co. for \$350,000, it being claimed that this loan violated the laws of New York in that the interest rate was illegal and the notes given for more than the amount due. It was also claimed that the transfer of the Munn & Scott interests to George Armour & Co. was made with fraudulent intent. The disclosures made at these trials fully exposed the methods and ownership of the Chicago warehouses and seemed to justify much that had been alleged as to a warehouse combine. There was also litigation between Jesse Hoyt and George Armour & Co., and, in September, the court refused to recognize the sale made to Armour & Co. and the Munn & Scott interests were put up for sale and were bought in by Hoyt. It was the day following this sale, Sept. 6th, when the Fulton elevator burned, George Armour & Co. being the lessees. The building contained about 120,000 bushels of corn, and 5,000 bushels of oats, the damaged grain being bought by J. B. Lyon for \$4,000. The elevator was completely destroyed. It was one of the oldest elevators in the city, having been built by Munn & Scott in 1852. It was announced that Hoyt & Co., the new owners, would rebuild at once.

In January, 1873, the Board of Trade found itself confronted by a serious blockade in transportation. It was urged that the Board appoint a committee to investigate and it was charged that much of the trouble was due to minor railroad officials, and that a local freight officer made from \$45,000 to \$50,000 a year while the line which he represented could hardly pay 5 per cent upon its capital stock. A great storm, on January 23, added to the blockade and by February 1 it was announced that the car famine had caused almost a complete tieup in Chicago, made money scarce, overcrowded the elevators, and held back shipments. This situation grew more acute and by the middle of February the warehouses were full of grain and grain on the track was at one cent per bushel discount. The Buckinghams tried to relieve the situation by loading 200,000 bushels on vessels in the harbor. The hopes of those who wished better regulation of railroad traffic were dashed when the Supreme Court of Illinois handed down a decision, on February 23d, declaring the law against railroad discrimination unconstitutional, and that unjust discriminations were the only ones subject to legislation. It was not until the opening of navigation that the complaints as to the action of the railroad and the lack of storage capacity ceased. In fact this was a year of great agitation directed particularly against the railroads, and the newspapers were filled with the reports of farmers' conventions and antimonopoly meetings, with many resolutions directed against the alleged extortions of the railroad companies.

In February, attention was called to the extensive "doctoring"

of barley. It was said that there were three establishments for this purpose in Chicago, and that sulphur was used to give a false appearance and that the process netted the firms from 15 to 25 cents per bushel. This abuse grew so great that Armour, Dole & Co. refused to accept any grain sent them from these cleaning mills. The new inspection service, with W. H. Harper as chief, and O. L. Parker as assistant, began operations in April, one of the first acts being to inspect seven boatloads of grain as "rejected." This act met with both approval and disapproval, and was taken to indicate that the standard would be high. On April 26 the new Chief Inspector issued a statement that "all grain in unmerchantable condition, or that had been subject to any chemical process would be graded "unmerchantable." On the other hand, on April 30, L. J. Kadish filed charges against the inspector at the Rock Island Elevator alleging that barley, inspected as No. 2, was not good No. 3. That the charges were well founded was indicated by the fact that the subinspector was suspended. During the legislative session a Senate committee was appointed to investigate the Union Stockyards against which complaints had been made by shippers. The committee found the yards in bad condition, but stated that this was partially due to the fact that a severe winter had been followed by a sudden thaw, and it had been impossible to get the yards in condition at that time. The complaints were also against alleged overcharges for feed, and this was entered into by the committee. It was recommended that standard scales be installed and that the stockyards be placed under the supervision of the Railroad and Warehouse Commission and subject to inspection at least four times a year. Another legislative incident, showing the general feeling in regard to violations of the warehouse law, was the introduction of a bill to close warehouses refusing to take out a license. In March, Hough Bros. & Co., a firm which had been operating an "independent" elevator, announced that it would increase its rates to those charged by other elevators, and it was claimed that this elevator had been bought by the combine.

George T. Brine, a member of the firm of J. B. Lyon & Co., who had been suspended from the Board following the corner in which that firm was involved, went before the courts, in March, asking that the Board of Trade be compelled to restore him to membership. In his petition he alleged that the firm of J. B. Lyon & Co. had been suspended, but that the firm, as such, held no membership, memberships being held by the individuals composing the firm. It was also claimed that insufficient notice of trial had been given, and, further, that the failure of the operation which brought about the disaster to the firm was caused by enormous inspection frauds between August 1 and 21, 1872, by which large quantities of inferior wheat were delivered to them as No. 2. This charge, as to fraudulent inspection, was backed by affidavits from such prominent

Board of Trade operators as E. K. Bruce, S. G. Hooker, S. H. McCrea, H. H. Ross, and others, and also by purchasers of grain in Montreal. The Board of Trade defended its position before Judge Williams' court, but, in July, Mr. Brine's contention was upheld, the court saying that the Board of Trade had power to suspend members, but must do it according to law, and Mr. Brine's restoration was ordered on account of irregularities in the trial. Mr. Brine had many friends upon the Board and the ruling of the court was commended, and Mr. Brine's first appearance upon 'Change, in August, was welcomed with much friendliness. In June two other members were restored to the privileges of the Board. These were C. G. and J. H. Wicker, who had been expelled in October, 1865. The transaction which led to their expulsion had been taken into the court and decided in their favor, whereupon the Board hastened to do them justice so far as possible. The first agitation for the organization of a Grain Receivers' Association, similar to the organization of pork packers and of vessel owners, was made in April, and on the 17th of that month the Board of Trade rejoiced in a new bell which was placed in the small hall of the Chamber of Commerce to be rung at 11 a. m. and 3 p. m. daily. A few days later a rule limiting the hours of trading was adopted, no contracts to be enforced which were not made between the hours of 9 a. m. and 5 p. m. Thereafter the bell was rung at 9 and 11 a. m. and 3 and 5 p. m. On April 24th the Board was shocked by the suicide of the Marquis De Belloy. His career had been a spectacular one. Inheriting in France a fortune estimated at \$300,000, he dissipated a large portion of it in Europe, and then came to America to recoup his fortune. Before coming to Chicago he had spent most of the pittance which still remained, when \$80,000 was bequeathed him by a relative. When this was nearly gone he retired to Michigan and started a country grocery store. Again accumulating funds, he reappeared on 'Change and finally, meeting with further losses, he ended his life rather than to be "read off" as delinquent. He was a protege of N. K. Fairbank and was popular with members of the Board. A purse of \$1,000 for the relief of his widow was quickly subscribed by the members.

Considerable feeling was created on 'Change when it was announced that the pork packers were contemplating separating from the Board of Trade and had appointed a committee, consisting of H. Botsford, B. P. Hutchinson, and B. F. Howard, to secure rooms for their organization. While the markets had undergone some violent fluctuations during the earlier months of the year, as, in the latter part of February, when prices were affected by a panic on Wall Street and gold was forced down to \$1.14 $\frac{7}{8}$, and, in April, when there was a flurry in provisions and corn; the first approach to a corner was in June when B. F. Murphey and B. F. Allen, the Des Moines banker who had but recently removed to Chicago,

conducted an operation in No. 2 spring wheat for June delivery. They began operations in May and by June 8th were credited with the ownership of 2,000,000 bushels. On June 7th, July wheat was quoted at \$1.23 and June at \$1.28½, indicating an inflation of about 5½ cents. Murphey & Allen made repeated calls for margins and refused all attempts at settlements. This aroused much feeling and Allen was accused of using the funds of the Cook County National Bank and exerting his influence as an official of the Northwestern and Rock Island Railroads to prevent shipments. On June 9th, however, settlements were accepted.

On June 14th something over 23,000 bushels of No. 2 corn at the Northwestern Elevator were posted as "hot," forcing the price of cash corn 3 cents below the July future. On the 16th, 31,000 bushels at the Fulton Elevator was posted and the market broke another 2 cents. On June 21 the Chicago Tribune contained an editorial charging that the posting of this corn was largely unnecessary; that but a small quantity of grain was affected, and that the posting was in the nature of a market manipulation. It stated that, because approximately 55,000 bushels of corn had been posted as "hot," a depreciation of 11 cents per bushel had been caused on all corn in store, entailing an estimated loss of \$1,100,000 to owners and shippers. It was stated that holders of grain at one elevator agreed to ship in concert and found that out of 23,000 bushels of corn declared out of condition but 1,500 bushels were "hot." It also stated that there was not enough corn of any kind in the warehouses to meet the "hot corn" receipts. Under the influence of these postings, corn, on June 20, reached a lower point than at any time during the previous twelve years. There were more rumors of "hot" corn and, on the 21st, 61,000 bushels at the Hough Elevator was posted. The Tribune editorial caused great commotion and a resolution for a full investigation was adopted on June 23rd. The investigating committee consisted of J. W. Sykes, H. C. Ranney, and Asa Dow, and their report, which was submitted June 26th, justified the posting and criticized the Tribune severely. That newspaper quoted Thomas H. Seymour as its authority. Hiram Wheeler made the statement before the committee that there was "no more hot corn this year than usual." July 16th, 30,000 bushels of corn in the National Elevator and 88,000 bushels in the Central Elevator, "B" was posted as "hot." Still later in the month 61,000 bushels was added to the "hot" list. Aside from the disastrous break in corn prices, one other result of this episode was a continued and persistent crusade on the part of the Tribune against the warehousemen, which aided in bringing about exposures later in the year. The first real corner of the year developed in July wheat. On the 30th of that month July wheat was quoted at \$1.32 and August at \$1.14, a difference of 18 cents. The corner culminated July 31st amidst great excitement. William Young, who

conducted the deal, bidding \$1.41 and higher and one transaction being reported at \$1.46. The profits were reported at \$130,000, but the losses were divided among so many so that no failures resulted. The account of the market for the day stated that Mr. Young got a hatful of watches as pledges of later settlement. There were rumors that J. B. Lyon was at the head of this corner operating for Montreal parties, but it was found that it was engineered by Milwaukee grain dealers. Wheat fell 21 cents with the ending of the corner and closed at \$1.19 on the following day. As an aftermath of this corner Mr. Hall secured a court injunction against William Young and the directors of the Board of Trade, prohibiting them from proceeding against him for his refusal to settle. During the excitement of this corner, on July 25th, a resolution was passed that "contracts for delivery of wheat may be satisfied by the delivery of either old or new wheat unless otherwise stated in the contract." On July 29th, however, the directors recommended to the Warehouse Commissioners that they order a distinction to be made between receipts for new and old grain "to continue for such a length of time as the commissioners shall deem proper."

On August 18th the Chicago newspapers sounded the first note of warning of the great crash which, at that time, was unthought of. The headlines stated that a bitter conflict in Wall Street was imminent between speculators in gold; that the Gould clique was manipulating the market for a currency lockup and had formed a strong combination to repeat the experiences of the memorable Black Friday, and that the bears had urgently petitioned President Grant to interfere. The tone of business was very optimistic, however. On August 24th the financial column of the Tribune stated: "The week closed very active in finance and trading. The abrupt change from the dullness of ten days ago is the subject of general remark, and has imparted a more cheerful tone to the views of bankers and merchants regarding the prospects for a profitable fall trade and a prosperous year as the result of the abundant crops." On September 2, however, the possibilities of financial stringency were mentioned and it was stated that "The great feature of local finances was the outflow of money to the country, the results showing in equally great receipts of wheat." The Dun report showed expectation of good fall trade throughout the West, but with the prospects not so good in the East. On September 6th there was report of great excitement in Wall Street over the decline in gold from \$1.15½ to \$1.14½, and it was rumored that J. Gould had failed. The Chicago elevators were crowded with grain and Eastern roads were so rushed that they were compelled to refuse shipments for a few days. As late as September 17th, it was announced by a financial writer that all conditions, except transportation, were favorable to prosperous times.

During these days the affairs of commerce and of the Board

of Trade moved along without apparent premonition of disaster. On Sept. 10th the National Pork Packers' Association convened in Chicago, being welcomed by Col. John L. Hancock; President Culver extended the courtesies of the Board of Trade, which were later accepted. New York, Missouri, Michigan, Ohio, Indiana, California, Maine, Iowa, Kentucky, Wisconsin, Kansas, Maryland, Illinois, Pennsylvania, Tennessee, Nebraska, Rhode Island, Massachusetts and Canada were represented. C. M. Culbertson was appointed as a member of the Committee on Business but refused to serve, in consequence of the action taken the previous evening by the brokers and dealers in their program laid down for voting in the convention. Under the new rule adopted the packers felt that they could not have a fair show in the convention and preferred to look on, rather than to disturb its harmony. One of the proposed acts of the convention was a provision making 196 pounds the standard for a barrel of pork. The Chicago packers stated that they could not agree to this, unconditionally, as they must be bound by the rules of the Chicago Board of Trade, which was a legal body, whereas the convention was not; but they agreed to adopt this standard if it was acceptable to the Board of Trade. The packers held a separate meeting at which Mr. Culbertson said the packers must control their own business, and that, although their financial interests were larger, they were easily out-voted by the brokers in joint session. The convention ended harmoniously, however, with a banquet at the Sherman House at which the address of welcome was given by Howard Priestly, Vice President of the Board of Trade. On Sept. 15th an inaugural excursion train was run from Chicago to Lake Kampeska, Dakota, over the new line of the Northwestern, via Madison. President Culver, J. B. Lyon, and Hiram Wheeler were members of the party and this was hailed as another opening for the Chicago market, the Madison division being 631 miles long. On Sept. 16th occurred the suicide, in the Chamber of Commerce building, of Capt. Dennis Chapman. He had undergone a series of misfortunes after the fire, was short on corn and would have been "read off" at noon on the day of his death.

The Panic of 1873

On the morning of September 19 the whole financial and business structure of the United States was shaken to its foundation by the glaring announcement of the failure of the banking house of Jay Cooke & Company, of Philadelphia and New York. This was one of the great financial institutions of the country, and its ramifications extended into every city and into every industry. It was stated that the firm was overloaded with \$85,000,000 of Northern Pacific bonds. The Chicago papers hastened to say that the West was overflowing with crops at good prices and that there could be no panic. On September 18 the prices of produce were

as follows: No. 2 spring wheat, \$1.11¾; No. 2 corn, 41½ cents; No. 2 oats, 30¾ cents; No. 2 rye, 68½@69 cents; No. 2 barley, \$1.40. Following this first announcement of the Cooke failure nineteen failures were recorded in New York and nine in Philadelphia. Wheat fell 2 cents on the Chicago market and all other produce prices were lower. On the day following the situation was worse. It was announced that there was a run on the Union Trust Company of New York and that President Grant had rushed to Washington to devise measures to check the disaster. Later it was announced that there was a run on the Freedman's Savings Bank in Washington and that the Secretary of the Treasury, Richardson, had ordered the purchase of \$10,000,000 in bonds. Nevertheless, on September 20, the Chicago "Tribune" said: "The only effect the financial panic in New York has had thus far on affairs in Chicago has been to diminish financial transactions." Next came the report that the Union Trust had gone under, but, on the 22nd, the Chicago papers announced that "the financial flurry is passed, or nearly so." The second stage of the panic was reached September 23, upon the announcement of the failure of Henry Clews & Company of New York. This caused a loss in confidence in sound banks. The receiving and shipment of produce was practically suspended, owing to the scarcity of money and the impossibility of making exchange on New York banks. There was no currency on the Board of Trade, and it was impossible to make loans; but settlements were not forced. It was reported that the Milwaukee Exchange had adjourned, and there was some who wished the Chicago Board of Trade to do likewise. Wheat was 6½ cents lower, reaching 97½ cents. It was reported that all construction work on the Northern Pacific had been suspended and that the New York banks were issuing clearing house certificates. On September 24 the situation was still worse, wheat fell to 90 cents, with all other produce prices falling in proportion. In this emergency the Board of Directors made the following historic recommendation to the Board of Trade, a recommendation the adoption of which can always be pointed to with pride by the Chicago Board of Trade. It was as follows: "That business be pursued on as conservative a basis as possible, and that efforts be made to adjust outstanding trades maturing the present month on an equitable basis; that transactions be limited to settlements of outstanding contracts and to sales of property for cash; and that in all transactions liberality and reasonable confidence be extended where the same would, under ordinary circumstances, be proper." This recommendation inspired confidence and prevented any motion to adjourn. On the following day there appeared to be a lull in the storm and the low prices attracted many buyers who had cash and who believed that the worst of the storm was over. The stockyards, however, were congested, there being insufficient funds to sustain the market, and

it was stated that the yards could receive no more shipments. Under the force of buying, wheat went up from 5 to 7 cents. On September 26 there came the announcement of the failure of five Chicago national banks. This was followed by the false rumor that all the banks of Chicago were about to close. The Exchange was paralyzed, and Chicago became the center of the financial excitement. It was in the face of this crisis that the Board of Directors met and concluded to stop future trading, but announced, boldly and defiantly, that "The Board of Trade will not close its doors and let it go out that Chicago is busted." This was received on 'Change with applause and cheers. To carry out the recommendation of the Directors, the following resolution was adopted: "That all rules of this Board authorizing the Board of Directors to consider and act on complaints for violation of contract be suspended, so far as such complaints are based on contracts for the delivery of property in future, made between the passage of this resolution and the further order of the association; and, further, that the Board shall not entertain complaints for the violation of contracts claimed to have been closed during the time above indicated by reason of a non-deposit of a margin; provided, that this resolution shall in no case be held to apply to any trades made in settlement of existing contracts." This resolution was carried unanimously, President Culver speaking in its behalf and urging that "Chicago holds the key of her security in her own hands."

This action was taken on the day on which it was assured that the Union National, the Cook County, the Manufacturers, the National Bank of Commerce and the Second National Bank had failed. Of that day the Chicago "Tribune" said: "Today was another dark day in produce circles, and the darkest of all the dark ones in the present financial crisis. Every one took heart last evening and early this morning, the most hopeful view of the situation being warranted by the readiness with which money came in here for the purchase of produce. All these hopes were dashed to pieces when it became known that the Union National Bank had closed its doors and each of those pieces was broken into several smaller ones when the closing up of other banks was announced in quick succession. The markets at once fell flat, and the strength previously manifested departed. A great deal of money was on the floor, sent or brought here for the purchase of grain at the prices current yesterday. But, when things became noised about, the holders held on to it, with few exceptions, anticipating a further decline, while some were afraid to invest at any price, fearing that the panic would reach every bank in the country. Hence there was little done today and prices sagged again, though the receipts exhibited a falling off in volume that was calculated to stiffen quotations. Options suffered in sympathy with cash grain and the day was altogether one of the worst on record, not excepting the

two or three that immediately followed the great fire." The awkwardness of the situation, indeed the utter impossibility of doing business on the usual basis on the Board of Trade, revived the proposition to shut up the Board for a while after the example of Milwaukee, but this course was neither prudent nor possible, while it was desirable to cut off future delivery trading, which was practically done today by the "adoption of the recommendation of the Directors by the unanimous vote of the Board. After this trading was confined almost entirely to settlements, though a few cash lots of grain changed hands for currency."

Although the Third National Bank suspended on September 27, it was stated that the financial sky was brightening, that the New York Stock Exchange would reopen on the 30th, and that three of the local suspended banks would resume in a short time. On the 29th wheat went up from 4 to 5 cents, and corn was 2 cents higher. The situation steadily improved and, on October 1, the Board of Trade passed the following resolution: "Whereas, The Board on the 26th ult. adopted by an unanimous vote a resolution suspending certain of its rules until the further order of the association, and, Whereas, It is now believed the said suspension has accomplished all it was intended to do, and as the financial status of affairs in the city and country has in a large measure resumed its previous course, therefore, Resolved, That the time during which said suspension shall continue, shall cease on the adoption of this resolution." After the passage of this resolution all new trades were subject to the ordinary rules. It is worthy of note that the Chicago Exposition opened during the very height of this panic with large attendance. The situation continued to improve and, on October 5, A. M. Wright & Company was given the credit of being the first firm or at least one of the first, to announce that it would honor drafts made by country shippers. This temporary lull was followed, on October 14, by another stock panic in New York, in which the Vanderbilt interests were the storm center. Near the end of October occurred the failure of Hoyt, Sprague & Company and of Claflin & Company, and on the 5th of November gold reached \$1.06 $\frac{7}{8}$, the lowest point it had touched since 1862. By this time the panic had become universal throughout the United States. Manufactories were closed, transportation lines were crippled, credits were largely destroyed, farm produce prices were unremunerative and the army of the unemployed was increasing daily. It was not until the latter part of November that there was any permanent strength in the produce market. The crisis in the diplomatic relations between the United States and Spain over the capture of the "Virginius" and its crew in Cuba, which brought the two countries to the verge of war, had but slight effect on the depressed market, although gold went up to \$1.10. November 27, however, wheat went up 4 cents and the market was excited. This

general advance in prices continued into December, but the money market did not regain its normal condition during the remainder of the year, and at the Christmas season it was reported that there were many thousands of unemployed men in Chicago, and these unfortunates organized and held large meetings, demanding that the city provide them with work.

It was during the height of the panic, in the first week of October, that the first rumors were spread as to the fraudulent practices of the Hough Elevator. R. M. and O. S. Hough were accused of writing receipts for grain that had never been received into their elevator, and of procuring the cancellation of these receipts by fraudulent representation to the registrar, S. Clary. The details as given were that, on September 18, the firm loaded lake vessels with two cargoes of grain from the elevator, the receipts for which had never been cancelled by the registrar. This fact being made known to Mr. Clary he informed Colonel Hough that the firm would be indicted by the grand jury upon his sworn testimony, unless they should at once procure receipts. Colonel Hough promised to furnish the receipts, and pleaded in extenuation that the shipment was made to relieve the pressure, as a great amount of grain was being held in the country on account of lack of storage in Chicago. On October 2 Colonel Hough appeared with a bundle of receipts purporting to represent the cargoes of three canal boats, and they were cancelled and registered in due form by Mr. Clary under the supposition that the firm had bought three boat loads of grain then afloat in the river. On the following day one of the younger Houghs left two receipts at Clary's office to be cancelled, which he said represented the two cargoes that had been shipped in September. These receipts were also cancelled. None of these cargoes were reported to the local inspector as having been received into the elevator. Five cargoes had never gone into store, but had been transferred from canal boats to lake vessels. The publication of the above account by the Chicago "Tribune" caused great excitement on 'Change, which was increased by the report that an operator had accepted receipts which he found upon examination had already been faintly cancelled on the corner. It was impossible for the Board of Trade to overlook these charges, and at the request of the Houghs a committee consisting of A. M. Wright, Robert Warren and Howard Priestly was appointed to investigate. This committee did its work thoroughly and took a large amount of testimony, some of which was published in the daily press and all of which was printed in pamphlet form for the benefit of the members. This testimony was highly sensational and showed that the evil was not confined to the Hough elevator, but that other warehousemen were guilty of practically the same offense, having shipped grain without the cancellation of receipts. Registrar Clary testified that three per cent of the railroad receipts were not regis-

tered, although put upon the market. Murry Nelson and others admitted that they were behindhand in producing receipts for cancellation, and it was stated that Mr. Nelson shipped grain September 17 for which he did not produce receipts until October 6. A large part of these violations of the law grew out of the issuance of "split receipts." The committee brought out the facts in its report and recommended a much stricter enforcement of the law in regard to registration and cancellation, and censured both the warehousemen and the registrar. The committee also recommended the passage of a resolution to read: "If any public warehouseman be detected in loaning or shipping any grain not his own, the warehouse receipts of such warehouseman shall, thereupon, be declared and treated as irregular, and an insufficient tender in the fulfillment of contracts between members of this Board."

The committee added: "Public opinion must no longer be misled, and familiarity with past unauthorized shipments must in no way be allowed to dull the public sense as to the true nature and tendency of such offenses. In every instance of such liberties it must be borne in mind it is a breach of trust and a crime punishable by penal inflictions. If, in the course of events, it should appear in this respect that public law and public honesty can in no other manner be enforced, then we should say it would be high time that some such law-breaker should be made to experience the penalty of that law."

In his testimony before the committee Registrar Clary declared that registration was of no value for the prevention of frauds, but might lead to their detection. He stated that all the information of the registrar's office was obtained from the books kept by the warehousemen, that all the elevators delivered grain without the receipts and that the cancellation of receipts was frequently in long arrears of the shipments. He declared that he had no understanding with Hough, and that he had done his best to enforce the law, but that the warehousemen appeared not to care a fig about the law, although they did care a great deal about newspaper publicity.

The Board of Trade accepted the report of the committee, and the resolutions, passed November 26, emphatically condemned the practice of warehousemen in lending grain and delivering grain without the return and cancellation of receipts therefor, as dangerous and injurious to the value of receipts as security; as not demanded by any necessity of legitimate trade, and as calculated to impair confidence in the transactions of the Board. It also requested all proprietors of warehouses to fully comply with the laws in regard to inspection and warehousing of grain and thereby secure the integrity of warehouse receipts. It called upon the officers of the state to enforce the laws vigorously and to take measures to secure a daily report of shipments. Elevator managers were requested not to issue "split" receipts without first cancelling the

original. The action fully sustained the report made by the special committee and was held to be a proper protest against the long-continued abuse which was greatly calculated to injure the character of the grain trade.

During December the Board of Directors considered the proposition of asking the warehousemen to give bond for the redemption of receipts. Some of the warehousemen agreed to this, although it was understood that the Board could not force them to do so, but it could refuse to accept their receipts as regular, unless bond was given. This scandal brought about much discussion and developed sentiment for a return to the old system of inspection by the Board of Trade. As a partial corrective Registrar Tyndale announced, on December 17, that he would post on the bulletin board of the Exchange all shipments of grain for which receipts had not been cancelled. On December 20 the Board passed the following: "Resolved, That inasmuch as the official reports of the Chief Inspector of Grain and the Warehouse Registrar show a large percentage of deficit in the amount of corn in the Chicago & Alton Elevator, as compared with the outstanding receipts for the same, it is hereby declared that no warehouse receipts for grain in said elevator shall hereafter, until further action by the Board, be considered a proper tender on sale or contracts for grain." It was said that the Houghs' had purchased 5,000 bushels of corn to make up their shortage, but still lacked 15,000 bushels; they were given until noon to make up this deficit but, as no new purchase was reported, the resolution as given above was passed.

During the month of October, 1873, two important meetings were held in Chicago. On the 21st convened the sixth annual meeting of the National Board of Trade at Kingsbury Music Hall, with President Fraley in the chair and Charles Randolph of Chicago as Secretary. The Chicago delegates were C. E. Culver, A. M. Wright, G. M. How, N. K. Fairbanks, W. E. Doggett, E. W. Blatchford and J. C. Dore. Mr. Fraley was re-elected President for a sixth term and C. E. Culver of Chicago was elected as one of the Vice-Presidents. The report of the Executive Council favored, among other things, penal laws to prevent the issuance of fraudulent warehouse receipts and to protect the holders of such receipts. The Board adopted resolutions favoring uniform bankruptcy laws, the abolition of the fee system, and the substitution of fixed salaries, a National Department of Commerce, better laws in regard to taxation and assessment and went on record as opposing ship subsidies. Much attention was also given the transportation question, and a resolution was passed urging a treaty with Great Britain to modify trade relations with Canada, and to obtain the use of Canadian canals for Americans on the same terms as Canadians. The meeting closed with a banquet at the Chamber of Commerce Hall, among the speakers being President C. E. Culver, of the Board of Trade

of the city of Chicago; Governor Beveridge of Illinois; Hon. F. Fraley, President of the National Board; Thomas White of the Dominion Board, ex-Governor McGoffin of Kentucky, Secretary Randolph and others. The National Board adjourned October 25 to meet in January, 1874, in Baltimore. During the sessions of the National Board of Trade, Chicago was also the scene of a large convention of the farmers of Illinois. They had interesting sessions and passed among others the following resolution: "We demand the construction of railways and the improvements of water communication between the interior and the seaboard, the same to be owned and operated by the general government for the purpose of affording cheap and ample transportation, and to protect the people from the exactments of monopolies."

While the panic caused a depression in produce prices it gave a decided impetus to the packing industry, as Chicago alone had sufficient money to carry on the business. The receipts of hogs for November 26 were 46,000 head, this being the largest number ever received in Chicago in one day up to that time. In December Chief Grain Inspector Harper issued his annual report, showing that a surplus, Dec. 2, 1872, of \$16,938.95, had been changed, by September 1, 1873, to a deficit of \$1,874.08. He explained this deficit by stating that there were two new railroads with six new elevators, which largely increased the expense, without a corresponding increase of income, and also that there were \$15,000 outstanding in delinquent fees. Nevertheless, he claimed that the state inspection was growing in favor. He also recounted the acts of the Committee on Appeals, authorized by the new law which went into effect July 1, 1873. The first members of this committee were John R. Bensley, John P. Reynolds and H. C. Ranney, the latter resigning in September, and being succeeded by T. T. Gurney. The claim that state inspection was finding increased favor seemed to have been belied by the fact that, on December 10, the inspector gave notice that he would prosecute men employed to examine (not inspect) grain. The shippers defended this employment of private examiners, and gave as an instance that, in October, Erastus Corning ordered four cargoes of oats, and the grain attempted to be delivered was one-fourth corn. The state inspector made no objections, and it was only when the agent of the shipper interposed that the bin was shut off and the vessel loaded with real oats. At the close of the year acting Registrar T. H. Tyndale sent a circular to the warehousemen calling attention to the law and asking that all orders issued for grain to be delivered from any warehouse owned or managed by them be made to correspond in every particular with the receipts upon which such orders were issued.

The year 1873 was notable for the passage of a number of new rules by the Board of Trade. On April 2 there was a large meet-

ing of the full Board and important changes in the rules were adopted, as follows:

Section 9 of Rule 5, relating to charges against, and suspension and expulsion of members, was amended and approved as follows:

It shall be the duty of the Board of Directors to examine charges of misconduct in business matters, or of failure to perform any business obligation, preferred against any member of the Association, when made to the President or Secretary, in writing, by a member of the Association; and if it shall be found that the party so charged has failed to equitably adjust or comply promptly with the terms of any business obligation or contract, either written or verbal, or has failed to comply with and fulfill any award of the Committee of Arbitration or Committee of Appeals, made in conformity with the rules of the Association, he shall be by them suspended from all privileges of membership in the Association until the matter complained of has been equitably or satisfactorily arranged or settled, when he may be restored to membership. If the party charged shall be found guilty of a violation of any of the rules of the Association of making false or fictitious reports of sales or purchases, of any act of dishonesty, or any other act contrary to the principles which should govern all commercial transactions, they shall report the same to the Association, either at the regular annual meeting or at a meeting called for that purpose, and the member shall be expelled if so determined by a majority of the members present being not less than one hundred. No member, however, shall be suspended or expelled without having an opportunity of being heard in his own defense, and any member having been expelled shall be ineligible to membership until the Association sees proper to remove his disability. All votes on expulsion of members shall be by ballot.

Suspension for Misconduct

Section 10 of Rule 5, relating to the suspension of members for misconduct of a personal character, was amended and approved as follows:

They shall also examine charges preferred by one member against another for improper conduct of a personal character. And if the party charged shall be found guilty of conduct in the rooms of the Board that is derogatory to the dignity of the Association, and his duty as a member of it, he may be suspended from all privileges of membership in the Association for such time as the Board of Directors may determine. It shall be the duty of the Board of Directors to cause the proper notice to be given to any member of his suspension, expulsion or restoration under this and the preceding section, and to cause the same to be publicly announced on 'Change, except in cases of suspension for non-fulfillment of contract where, prior to the time at which such announcement should be made, the Secretary has been advised by the complainant in the case that the matter complained of has been satisfactorily adjusted, in which case the suspension shall be held in abeyance until the next meeting of the Board of Directors.

Section 11 of Rule 5 approved follows:

In case any member shall fail to comply promptly with the terms of any business contract, by reason of his financial inability to fulfill the same, he shall upon the representation of the facts to the President by an aggrieved member, and the acknowledgment by the party of the truth of charge, or on proof of the fact to the Board of Directors be, by that act, suspended from all privileges of the Association, until all his outstanding obligations with members of the Association are adjusted and settled, and shall only be readmitted to the floor of the Exchange upon the presentation of satisfactory evidence to the Board of Directors that all just claims against him by members of the Association are settled, and if deemed necessary by the Board of Directors, a notice of his application for restoration may be posted on the bulletin of the Exchange for one week prior to their decision as to his readmission, and, in case no objections are made, it shall thereafter be assumed that all claims against him have been settled, and no claims resulting from transactions of a prior date shall thereafter be entertained by the Board.

Section 12 was amended as follows:

When a member, against whom there are pending no complaints or charges preferred by a member of the Association, or who is not under sentence of suspension or expulsion, shall have been duly discharged from his legal responsibilities or debts by a Court of Bankruptcy, he shall not thereafter be held liable by the Board on account of such obligations.

The Secretary's Report

Sections 1 of Rule 6, relating to the duties of the Secretary, was so amended as to release that officer from the necessity of including in his annual report the usual elaborate and expensive compendium of the provision trade.

Weight of Boxed Meats

The following substitute for Section 17, Rule 15, relating to the weight of boxed meats, was adopted:

"The standard net weight of meats packed in boxes shall be between 400 and 485 pounds for each box, and in all settlements or deliveries of boxed meats an average of 450 pounds per box shall be the basis for settlement, and the excess or shortage from said average shall be settled at the market value of the property delivered at the time of its delivery. But in case of delivery, the full number of packages contracted for must be delivered."

New Members

Section 1 of Rule 7 was amended so as to read:

"Any person approved by the Board of Directors may become a member of the Association by signing the rules and regulations, paying the initiation fee and the annual assessment. The initiation fee July 1, 1873, shall be \$100, and thereafter \$250. Provided, that no person shall be approved by the Board of Directors as a

member of the Association who is not a resident of, or permanently doing business in, the city of Chicago."

Withdrawals and Deceased Members

To Section 3 of Rule 17, relating to withdrawals, deceased members, and the appropriation of funds, the following clause was added, and the rule, as amended, was approved:

"Applications for withdrawals shall be made and posted on the bulletin of the Exchange for at least ten days before any payment shall be made, and in case objection is made, the party shall be permitted to withdraw only by consent of the Board of Directors. No funds of the Association shall be appropriated either by the Board of Directors, or by the body at large, except in cases where such appropriation will strictly promote the commercial interests of the Association."

Clerks Tickets

Section 4 of Rule 17, relating to clerks' tickets, was amended as follows:

"Each firm or business house, all the resident members of which are members of the Board of Trade, shall be entitled to one or more clerks' tickets of admission to the Exchange rooms, by the payment of the current annual assessment of members, such clerk to be a regular employe of the firm applying for the ticket, and to be approved by the Board of Directors; but no clerk shall be entitled to transact any business on the floor of the Exchange rooms, for himself, or for any other person than the employer to whom the ticket is issued."

Responsibility of Brokers

Section 5 of Rule 17, relating to responsibility of brokers, was amended as follows:

"Any person claiming to act as a broker shall be required to report the name of his principal at the time of making any purchase or sale, or failing to do so, shall thereafter be held responsible for such trade, at the option of the party with whom he shall have made the same."

The year 1873 was notable also for what were said to be the first shipments of live stock to Europe for butchering purposes. The New York "Evening Post" of September 24, 1873, contained an interview with Mr. Henry Bell of Glasgow, Scotland, concerning these shipments. Mr. Bell represented the Glasgow firm of John Bell & Sons, large wholesale butchers, which supplied the Anchor Line of steamships with fresh meats. Mr. Bell said that on account of the many restrictions on the importation of cattle from the continent, due to the "rinderpest" and other diseases, and the high price of Scottish cattle, his firm had experimented with shipments of live beef cattle from America. The first shipment of six head was made in July, 1873, and was so satisfactory that Mr. Henry Bell had been sent to America to make a regular business of these shipments. Twelve head were being shipped on each

Anchor Line ship, and it was proposed to increase the number to twenty. The first shipments were made on the upper deck in open stalls and the cattle were placed in the care of one of the ship's stewards, although if larger shipments were made it was proposed to employ a special attendant. Mr. Bell stated that the cattle arrived in fair condition, losing not more than an average of fifty pounds on the voyage. The first lot of twelve, shipped on the "California," was unfortunate on account of a severe storm off Nova Scotia. Four were washed overboard and the others were badly bruised. This showed the necessity of shipping the cattle between decks, which Mr. Bell regretted, as it would be necessary to hoist the cattle. Illinois cattle were purchased for shipment, at an average cost of \$100 per head, the cost of transportation was about \$75, making the cost, in Glasgow, \$175, whereas Scotch cattle of the same grade sold for \$190, giving the importers a profit of \$15. Mr. Bell thought any attempt to supply the London market in this way would be a failure on account of the cost of transportation from Liverpool to that city, but he thought the Liverpool market might be supplied with a profit. He did not, however, think shipments of live stock from America to the British markets would ever become a permanent feature of the trade, as German cattle, when quarantine restrictions were removed, could be sold in England for about \$30.

The produce trade of 1873 exhibited an increase greater than that of any previous year. The breadstuffs movement was considerably larger, while in live stock the gain was unprecedented. In both departments this one great fact was observable, the volume of trade was limited only by the ability to handle the produce and get rid of it. There was a noteworthy preference for Chicago on the part of eastern and European buyers, especially in provisions and an equally growing preference on the part of country owners to send their property to Chicago instead of to other places. The reason for this was that Chicago was a genuine market. The markets were all open ones, and parties desiring either to buy or to sell could always ascertain to a hair's breadth how much they could get for their property, or how much it would cost them. The markets were of such magnitude that large lots could be offered for sale without depressing them, and large purchases made without causing an upward movement against the buyer before he got through with his trade. There was money enough and produce enough to meet the requirement of both classes. Neither a fire nor a panic could interrupt the trade, the most that they could affect being a temporary disturbance of prices, which was soon compensated for by natural elasticity. There was no suspension of business, like that of the stock board of New York or the Chamber of Commerce in Milwaukee, or other centers like St. Louis and Cincinnati. The attitude of Chicago, in both these trials, would have astonished

the world were it not for the fact that the world outside had long since learned to expect great things of Chicago, had learned that in the bright lexicon of its commercial strength, "there was no such word as fail."

Lake freights on wheat to Buffalo averaged 7.8 cents per bushel during the season, against 11.1 cents in 1872 and 7.8 cents in 1871. The rate would have been still less but that the whole average was raised considerably by a combination of shippers before the opening of navigation, which made the opening price nearly double the average of the season. Corn was taken at 16 cents in March and 4 cents in August.

Wheat

The volume of trade in wheat as well as in flour exhibited a large increase over 1872. The market was not only active but unusually steady. The range in 1872 was 60 cents, while for 1873 the range was 59 cents; fully one-third of the fluctuation was due to the panic in September. The year was singularly free from corners, and all the more singularly as stocks were down to a very low point during a considerable part of the time, which invited manipulation, and comparatively little money was needed to carry it to a successful termination.

Wheat was in good demand throughout for shipment, and more largely than usual on direct European account. The wheat crop of 1872 was excellent in quality and quantity, and was slightly exceeded in both these important respects by that of 1873, while the European sources of British and French supply were more deficient than usual. Hence a continuous demand and an almost constant margin of profit on shipments, such as had not been met with for many years. This, too, in spite of the other unusual facts that cash wheat was at a premium over the current sellers' options almost every day of the year. The bear interest was large, powerful and persistent. It hammered away with all its might, constantly prophesying a decline, and its efforts undoubtedly were the means of keeping quotations in Liverpool and New York at a lower figure than would have ruled but for them. The effect of this, however, was to stimulate consumption, and thus ultimately enlarge the demand. The low rates of the lake freights, which ruled almost constantly, also aided in the same direction, and the result was that the farmers had a good steady market for their wheat and generally at fair prices, though they did not realize so much as they would have done but for the panic and the bears. The institution of the grade of Northwestern wheat drew large orders from merchants abroad, who formerly dealt altogether in Milwaukee. It is true that the same wheat had for some time previously been separated from the rest, and designated as "hard," but the term "did not draw," possibly because it called up mental associations

with flint and rice wheat. The new grade was taken freely by shippers, and would have been bought more largely had the supply been greater in the Northwestern elevator. It had commanded a premium of $\frac{1}{2}$ to 2 cents per bushel more than the "straight" wheat, which was deliverable on contract, and in New York and Liverpool it uniformly sold as high as Milwaukee wheat of the same grade, while it could be bought for considerably less on the lake shore during the entire season of navigation.

The average of prices in 1873 would have been about the same as in 1872, but for the two corners, which raised the average of that year, and the panic which depressed the average of 1873. The market for cash No. 2 spring (straight) opened at about \$1.20, rose to \$1.26 $\frac{1}{4}$ by the end of January, declined to \$1.14 in the beginning of April, rose to \$1.33 $\frac{3}{4}$ in May, under a good demand with lower freights than had been expected, declined to \$1.14 $\frac{1}{4}$ in July, as buyers held off to see how low the bears would force prices, and New York tumbled from \$1.60 to \$1.45; rose to \$1.40 at the close of the month, under a squeeze which was dignified by the name of the "Montreal corner," and then declined almost steadily to \$1.07 $\frac{3}{4}$ in the middle of September. Then came the panic, and a heavy surge of wheat collaterals, with a scarcity of currency, which broke down the market to 89 cents. There was a quick rebound to \$1.09 $\frac{1}{2}$ in the early part of October, and another drop to 98 cents later in the month, as money became scarcer and orders fewer, Eastern buyers having been well filled up in the four weeks succeeding the panic. The first week in November the market further receded to 92 $\frac{1}{2}$ cents, but advanced to \$1.09 $\frac{1}{2}$ by the end of the month, under a good demand for shipment and light receipts, which reduced stocks of all grades to but a little over 300,000 bushels. By the middle of December the market had advanced to \$1.16 $\frac{1}{4}$, then declined to \$1.08 $\frac{3}{4}$, rose to \$1.16 $\frac{3}{4}$ and closed on the 27th of December at \$1.14 $\frac{1}{4}$.

Corn

The corn market for the year was a continued anomaly. With a bountiful crop the receipts of 1872 were the largest ever known. Prices declined materially, the average of 1872 being about 38 $\frac{1}{2}$ cents per bushel. But in 1873, with a falling off to the extent of about 20 per cent in the aggregate volume of receipts and shipments, and an acknowledged short crop to supply the demand of 1874, which shortage was known early in the year, prices ruled even lower than on the plentiful supply of 1872. The market for No. 2 corn opened at about 30 $\frac{3}{4}$ cents, declined to 30 cents in the latter part of January, rose to 33 $\frac{5}{8}$ cents in the middle of March, receded to 30 $\frac{1}{2}$ cents at the end of the month, advanced to 42 $\frac{1}{2}$ cents in the middle of May, under the fact of continuous bad weather for planting; declined to 37 $\frac{3}{4}$ cents a few days later with better

weather; rose to $40\frac{1}{2}$ cents at the close of May, as the area planted up to that time was found to be smaller than usual; fell to 29 cents the end of June, owing to the posting of some corn as "hot," and the fear that most of it was out of condition, recovered to $36\frac{1}{2}$ cents the first week in July, and then ranged between 35 and $38\frac{1}{2}$ cents till the middle of August, when the fact of a short crop began to tell, and the price rose to $43\frac{1}{4}$ cents in the middle of September. Then came the panic, which sent the market down to 33 cents, from which point it rose to $39\frac{3}{4}$ cents in the early part of October; went down to 33 cents the first week in November, under the prevalent financial stringency, as the demand from New England after the panic had fallen off and advanced to $47\frac{1}{4}$ cents by the end of the month, owing to the fact of very small receipts on the light stock in store. The market then fell off to $44\frac{1}{2}$ cents and advanced sharply to $53\frac{3}{4}$ cents, receded to $51\frac{3}{8}$ cents and closed the 27th of December about $53\frac{1}{4}$ cents.

Oats

The receipts of oats were considerably larger than in 1872, notwithstanding the fact that the corner in June of that year brought hither all the oats that could be sent in from a tract of country much larger in area than that from which this market usually drew its supply. The corner ran the price up to $43\frac{1}{4}$ cents, but the average price of the year was but about $29\frac{3}{8}$ cents. The average of 1873 was considerably less than this. The market opened at $24\frac{1}{2}$ cents; rose to 27 cents the first week in February; declined to $25\frac{3}{4}$ cents by the end of the month; advanced to 27 cents in March; fell back to $23\frac{3}{4}$ cents the first week in April; rose to $33\frac{1}{4}$ cents about the middle of May; fell to $25\frac{3}{4}$ cents the middle of June; rose to 30 cents in the beginning of July; receded to $26\frac{1}{2}$ cents in August; sold up to $30\frac{3}{4}$ cents just before the panic; dropped to 26 cents toward the close of September; advanced to $33\frac{3}{4}$ cents in the first half of October; fell to $26\frac{1}{2}$ cents the first week in November, and then advanced, rather irregularly, to $40\frac{1}{2}$ cents in the second week in December, and closed on the 27th of December at $37\frac{1}{2}$ cents.

Rye

The volume of trade in rye was about the same as in 1872, but was not much more than one-half that of 1871. Stocks were well kept down through the year. The new crop was of good quality, and averaged 98 per cent of the 1872 crop in quantity, but was fully two weeks late in maturing, owing to the unfavorable weather of the first half of the year. Trade was moderate during that period, but prices were well maintained, the lowest point touched (in July) being 56 cents for No. 2. In August a very good demand sprang up from New York on European account, the intention being to export fully 250,000 bushels to Germany, where the crop was very

short. The panic interfered somewhat with this process, but the movement was resumed soon after the breakdown, which only caused a decline of 9 cents per bushel. The market for No. 2 opened at 65½ and 66 cents and ranged up to 68½ cents at the end of January; down to 63 cents at the end of February; up to 66 cents in March; down to 61 cents the early part of April; up to 68 and 70 cents during May; down to 65 cents in the middle of July; up to 69 cents just before the panic; then fell to 60 cents; went up to 65 cents in October and down to 58 cents the first week in November; then advanced to 81 cents the first half of December, and fell back to 75 cents, closing firm at 77 cents for carloads on two cents storage. The entire range was 56@81 cents.

Barley

Barley ruled higher than in 1872, but not uniformly so, for the market was exceedingly irregular. The receipts were nearly equal in volume to those of 1871, but much less than in 1872, when the trade was unusually large. The market ruled rather low during the first half of the year, touching its lowest point, 50 cents for No. 2, in June, under the expectation of a large crop and a small city demand, as the malting capacity destroyed by the fire had been only partially renewed. But the low price of barley in 1872 discouraged many from growing it, and many of the northern districts in Minnesota, Wisconsin and some parts of Iowa did not raise much; that general average of quantity was estimated by the agricultural bureau at 88 per cent, or a falling off of one-eighth. The market for No. 2 opened at about 65 cents, rose to 83 cents near the close of January; declined to 66 cents the first week in February; rose to 81 cents the last half of March; fell to 68½ cents the second week in April; advanced to 83 cents early in May, and receded to 50 cents in June; rose to \$1.50 near the middle of August; fell to \$1.08; rebounded to \$1.40 just before the panic, under which it tumbled to \$1; rose to \$1.36 early in October; went back to \$1.17 the first week in November and jumped to \$1.58 early in December, under a settlement squeeze; then declined to \$1.32 and re-advanced to \$1.42, closing at \$1.38. No. 3 ranged comparatively steady, and closed firm under a fair demand at \$1.09 for receipts in houses in which the grain was satisfactory to buyers.

Provisions

During the first three months of 1873 the provision trade was generally satisfactory. The market had been somewhat depressed earlier in the winter, and this called out a good, active demand for product for export. The trade was all the more healthy, as the pork corner of the previous year had caused a quantity of old pork to be left over, which discouraged the manufacture of pork, and warned the packers to make more largely of "meats," which much

better suited the market of Europe and the South. Being put in attractive form, the product was taken freely; packers made fair profits, while the brokers who represented European and Southern buyers did a good business to their own pecuniary benefit. The speculative demand was so good that it took out of the hands of the packers by the close of the season most of the product which had not already been forwarded to points where it was distributed to consumers. During the summer the trade was good and profits so satisfactory as to induce the cutting of a greater number of hogs than usual. Prices held up well. Mess pork touched \$17.80 per barrel in the latter part of April and declined to \$14.30 in June, then ranged from \$15 to \$16.12½ up to the time of the panic, being steady at \$16 through the first half of September. Meats ruled firm till August, then declined, chiefly in consequence of the yellow fever at Memphis and Shreveport, which caused a widespread fear that it would become epidemic over the South, and materially lessen their ability to take and pay for meats. Short ribs dropped from 9¾ cents in the first half of August to 8½ cents by the middle of September. Lard ruled comparatively dull and steady, being taken only as wanted for consumption, the tremendous losses incurred by handling it the previous year having made speculators afraid to touch it. There was a little spurt of confidence in it early in the summer, but the packing houses began to turn out "summer lard" in such quantities as to weaken confidence, and this, in turn, soon put a check on the production.

The panic of September brought pork "down by the run," as the sailors say. From \$16 the market dropped to \$13.50 by the middle of October, and mess pork sold as low as \$11 under the "second fever" in the first week of November. The greater portion of the pork sold out, under the panic excitement, changed hands at about \$14. Lard declined from 8⅛ cents in September to 6⅝ cents early in November, and in the same time short ribs receded from 8¾ cents to 5⅝ cents for boxed. At the same time pork sold at \$10.75 for December delivery and \$10.90 for January. Cash mess pork advanced to about \$15 in December, but weakened to \$13.75 at the close of the year.

Live Stock

Perhaps in no branch of trade did the season's business show a more pronounced increase than in the department of live stock. Aside from a comparison of the receipts with those of previous years the rapid expansion of the stock business was in no way more clearly shown than by the increased facilities demanded for its accommodation. Although large additions to the capacity of the yards were made during the seasons of 1871 and 1872, they were found inadequate to properly accommodate the vast business of the past season, and during the summer the management expended

nearly one hundred thousand dollars in the construction of additional cattle and hog pens, and in providing more and better office room to meet the wants of the steadily increasing number of commission men and shippers engaged in business at the "yards." Further extensive improvements were planned for the ensuing season, among them the completion of a beautiful park, extending along the entire front of the "Exchange" and reaching out to the main alley on the north.

1874

The opening of the year 1874 found Chicago and the country at large still suffering from the effects of the panic of the fall of 1873. There had been a marked recovery in financial circles, but the industrial situation was bad, and the army of the unemployed in Chicago was large; and the distribution of bread was the daily task of the relief committee. Except for the great depreciation in prices resultant from the panic, this great disaster had remarkably little effect upon the business of the Board of Trade, but it evidently had its effect upon the speculating spirit, for the first six months of 1874 were practically devoid of sensational features on the Board of Trade. At the annual election George M. How, for many years a leading spirit on the Board, was elected President; under the rule Howard Priestley became First Vice-President, and John R. Bensley was elected Second Vice-President. The new directors were William Dickinson, J. B. Hobbs, A. S. Burt, S. D. Foss and Alexander Geddes. The Directors reported that the receipts for 1873 were \$98,794 and the disbursements \$99,802.46, the cash on hand was reduced to \$193.16; the assets of the Board, however, had grown from \$79,672.50 to \$121,603.23. The membership was 1,652, an increase during the year of 298, and this increase included a large number of the prominent merchants and manufacturers of the city, who recognized that the Board of Trade was more than a mere commercial body and had become a large factor in building up the interests of the city as a whole.

The National Board of Trade, which had met in Chicago the previous October, held a session at Baltimore on January 14. The National Board of Trade was at that time considered a most important commercial body, and as one of the official mouthpieces of the business world. For this reason its pronouncements were deemed of much importance, and the resolutions passed reflected the sentiments of the leading men of the country and indicate the subjects which were uppermost in public thought. The Chicago representatives took an active part in these deliberations, and one of the first resolutions passed was one presented by the Chicago Board of Trade asking legislation to the effect that persons carrying on business under a firm name should be required to register with the

county clerk or some other officer the name of such firm, and of each individual member thereof. With the financial panic still in mind, it was but natural that the currency question should receive major attention at the hands of the National Board. That there was wide divergence of view on this subject is illustrated by the fact that Mr. J. C. Dore of Chicago presented one of the strongest arguments in favor of increased currency, while A. M. Wright, another Chicago representative, was the champion of the anti-inflation idea. The majority of the convention was opposed to inflation, and the resolutions passed urged conservatism and economy.

The status of the law in regard to public warehouses was fixed by a decision of the Supreme Court of Illinois in the case of the *People vs. Munn & Scott*, rendered in February, 1874. This decision upheld the constitutionality of the law of 1871, and the warehousemen, nominally at least, were obliged to obey the provisions of the law. There was much dissatisfaction with this law as a whole, and many attempts were made to secure its amendment. The Board of Trade desired primarily to get the inspection of grain back into its own hands; failing this, however, it desired to divorce the inspection service from politics as far as possible, and to have the commission divided, believing that both the railroads and the grain trade were of sufficient importance to have separate commissions. The warehousemen finding that they must recognize the law made a strong effort to have the storage rates increased, but their efforts before the legislature were without avail. The Grange element of the state, which was very strong and which had never been in sympathy with the Board of Trade or its methods, favored the passage of a law declaring all transactions in "futures" to be gambling operations. The proposed law read: "Whoever contracts for the sale of grain, pork in barrels, beef in barrels, stock of any railroad or other company, or gold, for future delivery, except when the seller is the owner, or the agent of the owner thereof, and in actual possession of the same, shall be fined not exceeding \$1,000, confined in the county jail not exceeding one year, and all such contracts shall be considered gambling contracts and void; and all money paid or deposited on the same may be recovered back, as in other cases of gaming." Very naturally the Board of Trade was strongly opposed to this measure, J. R. Bensley voicing the sentiment when he said in an interview: "If the grain was shipped in here and left for sale to only those men who would come forward and buy it for shipment they would only buy when it had accumulated here to such an extent as to be sold cheap—at their own price. As it is now, there is a constant market, and if they are not ready to take it speculators are, and they keep it up to a price higher than the country shippers would be able to get for it, except in rare instances when there is a scarcity or competition among buyers for

actual consumption." He added that there had been such a law, but that it had been repealed. The agitation resulted in the passage of the following law:

"Whoever contracts to have or give to himself or another the option to sell or buy, at a future time, any grain, or other commodity, stock of any railroad or other company, or gold, or forestalls the market by spreading false rumors to influence the price of commodities therein, or corners the market, or attempts to do so in relation to any of such commodities, shall be fined not less than \$10 nor more than \$1,000, or confined in the county jail not exceeding one year, or both; and all contracts made in violation of this section shall be considered gambling contracts, and shall be void."

It was the expectation that the passage of this law, which took effect in July, 1874, would be effective in the prevention of corners. The opposite was true, for while the first half of the year was practically free from these operations, there was almost a corner a month during the remainder of the year.

In April, Judge Blodgett rendered a decision growing out of the Chandler oats corner, in which he held that "puts" were simply gambling contracts, contrary to public policy and with no standing in the courts. This was followed, in July, by a decision by Judge McRoberts in the case of a Mrs. Coffing vs. Peironnet et al., growing out of transactions in 1871. The judge held that the new law did not affect this case, but decided that the transactions were in the nature of gambling, and not to be recognized by the court, for the reason that there seemed to be neither the intent nor the ability to make deliveries of the grain involved.

There were numerous complaints concerning the inspection service, and in February E. B. Smith, a discharged employee, made serious charges against Chief Grain Inspector W. H. Harper, alleging that funds had been used for speculation and the books altered to conceal the transaction. The State Commissioners made a hurried investigation and exonerated Mr. Harper. Another sensation during the spring months was a charge made by George Cowan that the packers of Chicago were guilty of packing and selling sour or tainted meats. This charge, at first anonymous, was received with an outburst of indignation on the part of the packing interests, but when Mr. Cowan acknowledged the article and offered to substantiate the charges the matter of an investigation was not pressed. Baltimore and Philadelphia merchants insisted that Mr. Cowan was right, and in March in the case of McVeagh & Company vs. Thorne & Company, a verdict for \$2,793, the full amount claimed, was rendered for the plaintiff in the case involving the sale of tainted hams. While this exposure undoubtedly injured the standing of the Chicago provision trade temporarily, it had a salutary effect upon the packing industry.

In the internal economy of the Board there was much difference of opinion existing between the grain and provision traders relative to the hours of trading and the "call." The provision dealers claimed that it was necessary for them to be at the packing houses during the day, and they demanded longer hours of trading and a "call" not only on provisions but on grain. These men while in the minority were large and influential dealers. For a time it appeared that the Board might be disrupted on this account. In April the Directors decided on a "call" for provisions and grain at 4 p. m., and submitted a proposition that the Board take jurisdiction in complaints arising from trading under this "call." This was said to be done in order to avert secession on the part of the provision men. This proposition was twice voted down by a majority of the Board and was submitted for a third time on May 1, and again rejected. Thirty minutes later the Secretary again called the Board to order and announced that the Directors had decided inasmuch as they had sole charge of the room they would extend the "call" to grain in spite of the adverse majority. This action was deemed arbitrary by a majority of the members and aroused much resentment. In a few days, however, a compromise was effected by making the call an hour earlier, from 3 to 4. A very important rule was passed in May, the object of which was to prevent hasty and ill-considered amendments in future. This was introduced by H. C. Ranney, and was in effect that: motions to alter, amend or repeal the rules or any part thereof, shall not be entertained unless proposed by at least ten members. Notice shall be posted for ten days, and the motion then be subject to discussion at the annual or a special meeting of the Board. The question to be balloted upon a week after such meeting. To be adopted the measure must receive a majority, and not less than 200 affirmative votes. This rule was unanimously adopted. During June there was expectation of a corner in corn; this did not materialize, but it added largely to the receipts of the month.

The month of July, in spite of the new law, developed two full-fledged corners. The corner in oats was credited to the manipulation of G. W. Adams, and was said to have been one of the cleverest and most complete corners ever effected up to that time. In order to avoid legal complications, Mr. Adams forced up the price of No. 2 oats in the New York market. The deal included some 200,000 bushels bought at from 38 to 40 cents per bushel, and settled between 50 and 85 cents per bushel, the average being about 60 cents. At the closing hour of the "squeeze" a sale of 5,000 bushels at 85¾ cents was the crest of the market. The great corner, however, was in corn, and it was at this time that W. N. Sturges won the sobriquet of "King Jack." This operation began in June and was deftly manipulated so that the majority of traders were kept guessing until the very last days of July. On July 28 Sturges

rallied his forces and sent the price of corn up 2 cents a bushel; this was followed the next day by a further advance of 8 or 9 cents. On the 30th a selling movement on his part induced large offerings on the supposition that the corner had failed. On the 31st, however, Sturges forced the price up to 80 cents and many shorts suffered severely, and Mr. Sturges was accused of unfair methods. It was charged that corn was sold to the shorts by the brokers for the ring, and by preconcerted action deliveries were made too late for the shorts to make delivery in turn before the close of the last business day of the month. It was also stated that Sturges took advantage of the crowd at his office to delay deliveries until the hour of delivery had passed. It was estimated that 1,500,000 bushels were in default, and the entire deal was said to have included the handling of 19,000,000 bushels of corn, and to have benefited the producers to the extent of about 8 cents per bushel on approximately 12,000,000 bushels. The Chicago "Tribune" of April 1 gave the following pen picture of Mr. Sturges in his hour of triumph: "Jack Sturges is a young old man. His hair is gray, but his mustache and eyes are juvenile. He disdained the use of a coat, wore a flannel shirt, pants and vest of azure, and on his feet were shoes that from their general appearance might have been lent him by some benevolent boot-black. Jack looked frightfully cute and quietly triumphant. He was the observed of all observers and appeared to make the most of his opportunities." It was claimed that Sturges showed little mercy in settlement, and there were many charges of collusion and unfair methods. Sturges soon afterwards turned to the bear side of the market and was himself caught in the corner in September corn. The settlement price for July corn was fixed at 68 cents per bushel. Sturges refused to make settlement of his September deal, and charges were preferred against him looking toward his expulsion from the Board, and there ensued one of the most exciting contests to retain membership which the Board has ever known. A large amount of testimony was submitted to the Directors in a protracted investigation, which was adjourned from time to time and which resulted in the case being submitted to the full Board on November 7. Secretary Randolph presented the charges on five counts reported by the Directors. Sturges denied the validity of the award of the Arbitration Committee and denied the authority of the Directors and the Board. The evidence, covering 300 pages, was printed and submitted to the members and a vote on expulsion was ordered. Later in the month Mr. Sturges issued a card stating that the prosecution had issued anonymous pamphlets and circulars almost daily with the view to influencing those members who did not attend the daily meetings of the Board, and asked judgment on the evidence. That Mr. Sturges was not without supporters was evidenced by the letters to the press in his behalf. One of these contributions contained

a paragraph which while not bearing directly on the Sturges case, is of value as showing the state of the Chicago market at that time. The writer said: "The Chicago system of inspecting and storing property dealt in on 'Change gives facilities for trading in that kind of property that no Eastern or European cities possess, and on account of which the business done on 'Change in Chicago surpasses that of any other corn or produce exchange in the world." The Board met on Monday, November 23, and it was decided to vote on the Sturges case the following day. T. T. Gurney, W. L. Blackman, J. C. Wiswell, A. E. Clark and A. M. Bennett were appointed tellers. At the meeting of the Board at which the vote was ordered Mr. Sturges presented the following resolution, which he alleged that President How declined to put to a vote. The resolution read: "Whereas, The charges brought against W. N. Sturges have not been proven, and further, that the Directors have not recommended his expulsion; therefore, Resolved, That the vote heretofore taken to enter upon a ballot tomorrow be rescinded and the case dismissed." On the strength of the alleged failure to put this motion Mr. Sturges secured an injunction, the writ being served upon T. T. Gurney as teller at 3:40 p. m., just twenty minutes before the ballot was to have closed. This action created great excitement, and the general interest taken by the members is shown by the fact that at the time the injunction was served 937 votes had been cast. The next move was the appearance of the attorneys of the Board of Trade before the court, asking that the injunction be dissolved; and the next move was the filing of suit by Sturges against President How for \$25,000 damages on account of his refusal to put the resolution before mentioned to a vote. Late in December Judge Williams dissolved the injunction against the Board, and the polls were thrown open for one hour to complete the vote on the expulsion of Mr. Sturges. Including the votes cast on the 24th of November, the result was 681 for and 294 against expulsion. His friends circulated the report that his accounts were largely settled, and his attorneys made an effort to prevent the voting. The vote was taken, but Judge McAllister issued an order which stopped its official announcement, and on December 31 issued an injunction restraining the Board from expelling Sturges until the appeal from the decision of Judge Williams had been acted upon. It was claimed by Sturges that he was acting as agent for B. F. Allen, President of the Cook County National Bank, and upon the failure of this concern, in January, 1875, it was shown that this was largely the case, and that money supposedly deposited by Sturges for margins in this bank was never deposited. A large amount of litigation followed this bank failure and, in July, 1875, the Board of Trade sued the Cook County National Bank et al. on its bond of \$500,000, given the Board to secure all moneys deposited as margins.

The year 1874 was marked by numerous attempts to thwart

the Board in enforcing discipline upon its members. The most notable instance of this was the case of J. B. Lyon & Company, the members of which, J. B. Lyon, G. J. Brine and T. B. Rice, were suspended for failure to perform certain contracts growing out of their corner in 1872. Lyon and Brine each filed a bill in chancery, while Rice filed a petition for a writ of mandamus. An interesting allegation contained in the petition of Mr. Lyon was that the original roll of members was destroyed by the great fire and that afterwards a second book was prepared for signatures, at the top of which was a condition which the members subscribed to, when they signed, pledging them to submit to all the rules of the Board then existing, or thereafter to be adopted. But Lyon insisted the Board could only act in accordance with its charter, and that such a heading to the roll amounted in law to an obligation, when, as he claimed, it was only an agreement, which would not bind him to any construction the Board might choose to put on the rules and bylaws. Lyon and Brine secure writs enjoining the Directors from interference with them and they appeared on the floor of the exchange on May 11th. This and other similar litigation extended all through the year 1874, both Lyon and Brine having the privilege of the Exchange under protest, and it was not until July, 1876, that the cases were finally adjudicated. The Supreme Court sustaining the action of the Board of Trade in expelling T. B. Rice and the Lyon and Brine cases falling under the same ruling. In this decision, the right of the Board to enforce discipline was fully sustained.

In October there was a corner on barley engineered by Alexander Geddes, who bought options on the month at 90c@ \$1.10. It was stated that he offered to settle at \$1.16, this offer was refused by many of the shorts, however, and on October 31, the market was run up to \$1.32, \$1.32 bid with no offerings and the corner was a complete success. There was default on about 100,000 bushels, and Asa Dow and Murry Nelson, and J. B. Lyon were said to be among the losers. The corner was settled at \$1.30 and netted Geddes about \$25,000. The year 1874 ended with still another corner in corn which was settled on the basis of 85 cents per bushel. These many corners in spite of the strict law against them created much comment both in the Board and in the press. The Chicago "Times" editorially in its issue of November 25 demanded the prosecution of all "cornerers" and named Messrs. Fairbank, Adams, Sturges and Geddes as men who have been guilty of this offense. The members were greatly perplexed and numerous changes in the rules were suggested. A resolution offered by H. C. Rew was to the effect that the Board should adopt no rule which countenanced or encouraged the non-fulfilment of contracts under any circumstances, but would insist that dealers carry out their contracts as made or be liable to suspension. The resolution added: "No corners can possibly occur when dealers refrain from selling what they have not got, and we recom-

mend this course to those who wish to avoid the usual risks of attending transactions of this character. December 11 a meeting was called to discuss a proposed amendment offered by A. M. Wright and others to the effect that in settlement members should not be held liable for any fictitious damages, but only for the actual value of the property covered by defaulted contracts. Consideration, however, was laid over until the annual meeting. Among the social events of the Board of Trade was the reception on 'Change August 17 of Lord and Lady Dufferin, head of the Canadian government. The reception was an enthusiastic one with addresses by the governor, the mayor, and President How, and by Lord Dufferin, urging closer trade relations with Canada. Another social event was the banquet at the Palmer House in honor of President Grant, who came to Chicago to witness the marriage of his son, Frederick Dent Grant, and Miss Ida Marie Honore. C. E. Culver, John L. Hancock and George Armour represented the Board of Trade upon this occasion.

This was a year in which the farmers of Kansas and Nebraska suffered greatly on account of the grasshoppers. On October 22 Gen. E. O. C. Ord appeared before the Board seeking relief for these stricken farmers, and a committee of ten was appointed to solicit on the floor of the Exchange and from the business men of the city. At a meeting held a week later it was reported that the Board of Trade had subscribed \$2,355.

The produce trade of the year 1874 did not exhibit so great an increase over that of its immediate predecessor as had been chronicled for some past years. It was, however, satisfactory on the whole, and the money value of the produce far exceeded that of 1873, prices ruling higher in most cases, the chief exceptions being wheat and flour.

The produce markets were unusually active, in a speculative way. The falling off in manufacturers, and the rather extensive distrust of railroad and other stocks, born of the panic of 1873, made money unusually plentiful all through the year, especially as real estate was also slow in most American cities for the same cause. Money was cheap to those who could give first-class collateral, and produce paper was regarded as the very best security, being preferred by some bankers even to United States bonds, because more readily convertible. Hence there was an enormous stimulus to speculation in produce. Eastern capitalists sent their money as margins on grain and pork, transferring their attentions from Wall Street to the lake shore. Chicago men entered the markets in greater numbers than ever, and the list of "Western" men was largely increased, as the extraordinary closeness with which the crops had been marketed at very good prices previous to the last opening of navigation, enabled many people in the country to "invest" who had hitherto contented themselves with plodding

along the dull pathway to commercial success in the country districts.

The low rates of lake freights during the season helped to draw through Chicago no small proportion of the produce that would otherwise have gone around the city by rail. Large quantities of corn came hither from Peoria and other points for lake shipment which would not have touched Chicago but for low rates by water, which the railroads were unable to compete with successfully.

The volume of produce pouring through the city was enormous; not less than 2,447,226 tons of breadstuffs and about 984,000 tons of live stock.

For the handling of grain in Chicago there were fifteen elevators, with an aggregate storage capacity of 14,100,000 bushels, without including the Danville and Neely's elevators. One of these, the Armour, Dole & Co.'s "C.," with a capacity of 1,500,000 bushels, was built during 1874. The conduct of the business of warehousing in 1874 was unusually satisfactory, no complaints of consequence being made. No false bottoms in bins, no surreptitious lending of grain, no unfair mixing of grades, as in former years. The grain inspection, too, was performed more satisfactorily, the appeals to the committee being few. The registration department worked smoothly, and in all respects the business of grain handling outside the Board of Trade was done in a model way. The standards of inspection came to be regarded as very good, and bade fair to be adopted in all seaboard ports which received grain from Chicago.

Provision

The market for provisions was the scene of much speculative excitement during a great part of the year, and unusually high prices resulted. The fluctuations were rather wide, but not so severe as might have been expected. Indeed, it was surprisingly steady most of the time up to the opening of the packing season. The business of the year naturally divides in summer or fall, instead of in winter, which is the time of the greatest activity. Hence the work of two calendar years can only be compared with difficulty, and not always correctly. In 1873 and 1874 the greater portion of the winter's work was, however, thrown into the months of November and December, so that the comparison may be made more closely than previously.

The panic of September, 1873, forced down the prices of provisions, in common with other produce, to so low a point as to invite heavy speculative investments after the first blast was over, and the result of this was an advance which checked the consumptive demand so much towards the close of the year that grave fears were entertained in regard to the ability of holders to get rid of their stocks without serious loss.

Mess pork opened at about \$14, declined to \$13.95 near the close of February, rose to \$16.40 the first week of April, fell back to \$16, rose to \$17.80 in the latter part of May, receded to \$17.15 in the first half of June, and advanced to \$24.50 in August. The market then weakened to \$22.75, touched \$24.50 in September and gradually sold down to \$17.50 on the new crop in the beginning of November. During the last three weeks of November it strengthened to \$20.75 and closed at \$18.85.

The number of hogs packed in the Mississippi Valley states increased a trifle less than 100,000, while the increase in Chicago was more than 170,000, and in Illinois 226,000, thus showing a considerable loss in other states. Cincinnati, St. Louis, Indianapolis and Milwaukee all showed losses, while Louisville's packing business increased. In Missouri, Kansas City lost nearly 50 per cent, a large part of which was gained by St. Joseph. Omaha was comparatively unimportant as a packing center, the statistics showing that "Omaha and other points" in Nebraska packed 26,950 hogs, being less for the entire state than for any one of six cities in Iowa. The grand total for the states of the Mississippi Valley for the season 1874-75 was 5,561,226, of which Chicago packed 1,690,348, or considerably more than one-fourth. At the same time the packing of beef in Chicago was nearly double that of the preceding year. Cattle receipts were 843,966 head and shipments 622,929. Live hogs, receipts, 4,259,629; shipments, 2,330,661.

Hides

The trade in hides shared in the depression of the leather market, but this was counteracted to some extent by the foreign demand, and prices at times were relatively higher in Chicago than in eastern markets. A prominent feature was the direct exportation of both hides and leather to England and the Continent. The average prices for the year were: Green hides, light, 9.4 cents; green hides, heavy, 8.6 cents; green calf skins, 14.9 cents, and dry hides, 19.3 cents.

(Grain)
The grain movement during the year was about three per cent less in the aggregate than in 1873. In all the cereals, except wheat, there was a decided falling off in receipts, but flour and wheat showed a fair increase. The movement as a whole was very satisfactory, as it was the general impression early in the season that the returns for the year would show a diminution on account of the moderate nature of the crops of corn, oats and barley gathered in 1873. The large discrepancy between the receipts and shipments, some 11,500,000 bushels in the tabulated statement annexed, was easily explained. There were over 4,000,000 bushels in store in December, 1874. The local consumption for the year aggregated over 4,000,000, besides the "track grain" unloaded from cars, and of which no record was kept so far as its disposition was concerned,

but which was estimated at 2,500,000. Receipts and shipments of the different cereals amounted to the following:

Articles	Received	Shipped
Flour, barrels	2,666,679	2,306,576
Wheat, bushels	29,764,622	27,634,587
Corn, bushels	35,799,638	32,705,224
Oats, bushels	13,901,235	10,561,673
Rye, bushels	791,182	335,077
Barley, bushels	3,354,981	2,404,538
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Total (flour reduced to wheat) ..	95,611,713	84,020,691

In all the leading cereals the trading almost from the opening to the close of the year was on a liberal scale, while in corn, oats and barley corners of more than customary magnitude were maintained for one or more months. Indeed at the close of the year old corn, oats, and in some measure barley, was under the manipulation of a few parties who had secured control of the stocks of the cereals named then in store. As might be expected, prices were irregular, and frequently the fluctuations experienced went through an unusually wide margin.

Flour.—Trade in flour was depressed and unsatisfactory as a whole, although there was a fair demand from Europe and the East during the first half of the year. After midsummer prices ruled very low, increasing the demand for the better grades. Owing to the superior advantages offered by the Chicago wheat market, Chicago millers were able to compete successfully with western millers. The high-grade flours were sold in the domestic market, the export demand being for medium qualities. The export grades were known as "Spring Shipping Extras," and prices ranged from \$4 to \$6 during the year. Production of flour in Chicago decreased slightly, Secretary Randolph reporting the number of barrels manufactured during the year as 244,667, against 264,363 in 1873.

Wheat.—The opening price for No. 2 spring wheat in January, 1874, was \$1.18. From this figure, however, the market subsequently advanced to \$1.26½. In February the range paid for the same grade was \$1.16@1.24, and in March \$1.16¾@1.23½. On the approach of the resumption of lake navigation the trade naturally assumed a more active and interesting appearance. Shippers began to make their arrangements, outside orders exhibited something of an increase, and price for the month took a decided upward turn. Hence, in April, holders held the advantage, and sales were made as high as \$1.28¼, the lowest touched being \$1.19. In May the market fluctuated between \$1.16@1.23, without developing any noteworthy features, save an active speculative demand and a bearish tendency in the prevailing feeling. In July, however, the tone of affairs underwent a material change. It being pretty gener-

ally ascertained that the incoming crop in this country and elsewhere would show a much larger per cent of increase than was expected by the best informed statisticians, the bear side became the favorite one with almost all classes of operators. During the month prices fell from \$1.16, the highest figure paid, to \$1.04½. In August the bear feeling gained strength and sales were made as low as 91 cents. In September the range was 91¼ cents to \$1.02, and in October 81½@94½ cents, and in November 84¼@92⅞ cents. During December prices ranged from 87½ to 92 cents. The movement of the market since the break in July was bearish and of a nature to check business. Prices being much lower than farmers anticipated, the marketing of the new crop was slow and spasmodic, and receipts during the fall averaged less than in former years.

Corn.—This market was the center of interest in grain circles during a good portion of the year. For the first few months the movement was sufficiently slow and prosaic to suit the most high-minded and straight-laced merchant on 'Change, but in June the trade gradually passed under the control of the redoubtable "Jack" Sturges, who was the representative, as it was believed, of an extensive combination. From January 1 to June 1 the fluctuations in the market for No. 2 extended from 53⅜ to 65¾ cents, the lowest point being touched in January and the highest in May. In June the market ranged from 56@64⅝ cents, with Mr. Sturges and his numerous brokers the leading buyers on the floor. In July Sturges began to complete his arrangements for a corner, which finally culminated with the close of the month. During the first few weeks prices ranged back and forth with more or less irregularity between 58⅜ and 62¾ cents. As the end approached, however, the "King" gradually advanced prices. On the last day of the month as high as 75 cents was paid for current arrivals, though some sales were reported by the corner at 80 cents. In August the market was steady and firm at an average of about 65 cents. In September, however, the trade on legitimate account assumed an active appearance; the demand from all quarters was urgent, and prices steadily worked their way up to 86 cents, which was the "top" figure realized during the year. In October sales were made from 83¾ cents down to 69 cents, the market being affected unfavorably by the splendid weather for maturing the new crop, the arrival of the new corn, and the low prices prevailing for wheat. In November the trade again passed into the hands of a few parties. During the month indicated 71¼@85½ cents covered the fluctuations in prices, and during December 71⅜@85 cents. New No. 2 corn sold at 65@67 cents during the last six weeks of the year. December 18 old No. 2 sold at 76½ cents and new at 65¼ cents.

Oats.—This grain attracted more than usual interest during the year, and in July was cornered. During the early part of the year there were comparatively few exciting features in the market worthy

of special notice, trade, as is usual in winter months, being quite dull, but as the season advanced more interest was manifested by operators, and there was for quite a period a steady upward movement in prices. In January the lowest price paid for No. 2 was $38\frac{1}{2}$ cents and the highest figure obtained was 44 cents. Higher average prices, however, were current the following month, the entire range being $41\frac{3}{8}$ @ $43\frac{1}{4}$ cents. In March trade commenced to show some animation, and from $42\frac{1}{2}$ cents, the lowest price paid in the entire month, No. 2 was advanced to $45\frac{1}{2}$ cents. The opening of navigation created a good shipping demand, freight being sufficiently low to allow a fair margin to shippers, and during April the market was more lively than in any previous month of the year, prices being advanced from $42\frac{1}{2}$ to $46\frac{3}{4}$ cents, though that figure was not sustained very long. In the month following the shipping movement became quite brisk, and the lowest price paid was 44 cents, while at times sales were made as high as $48\frac{1}{2}$ cents, there being a decided upward tendency on the market. In June trading was fairly active, but there was considerable fluctuation in values, sales ranging from $42\frac{1}{2}$ to $47\frac{1}{4}$ cents. In July an active market was witnessed, and toward the close of the month a corner of considerable magnitude was developed, which frightened the unfortunate "shorts" a good deal. The stocks in store by steady lake shipments had been reduced to less than 25,000 bushels, and as the new crop was very slow in being marketed, it was impossible to fill the large orders constantly arriving from the East. In New York the scarcity was so great that No. 2 oats were easily bid up by the Chicago manipulators to \$1 per bushel, and in this city the same grade was advanced by them to $85\frac{3}{4}$ cents. The lowest price paid in July was $42\frac{1}{4}$ cents. The month of August witnessed an active market, but the high prices of the previous month were not sustained, and the range of quotations was $37\frac{1}{4}$ @46 cents. After the close of the summer there was a decided bullish feeling, owing to the fact that the crop fell greatly below the expectations of nearly every one interested in the market. The shipments by lake continued large, and prevented any considerable increase in the stocks at Chicago, and of course prices were higher. In September 40 cents was paid at one time for No. 2, but this was an exceptionally low figure, and sales were made as high as 54 cents. October was made memorable by the manipulation of another corner, inaugurated and carried through by a few strong operators, who took advantage of the condition of the "shorts" here and elsewhere, and of the short crop, by advancing prices. Large numbers of "shorts" experienced great difficulty in filling their contracts and from 46 cents prices went up to $50\frac{1}{2}$ cents. In the following month there was a decided falling off in trade, owing to the approaching close of navigation, but the meager receipts prevented any permanent depression in values, and while $46\frac{1}{2}$ cents was the lowest figure

paid for No. 2 sales were made as high as 55½ cents. During December trade was rather dull, prices ranging from 52@54½ cents.

Rye.—High prices generally obtained for this grain during the year, and for the later months there was a decided bullish feeling, the crops being quite small. In January the entire range of prices paid for No. 2 was 76½@83 cents. In February a stronger feeling was developed and the range was 80@85½ cents, while the March prices were advanced from 84 to 92 cents. In the following month sales ranged from 90 to 93 cents, and in May sales were made at 91 cents to \$1.02. In June prices were lower, sales being made at 84@90 cents, while in July the market was excited and fluctuating, prices ranging from 76 cents to \$1. Fair sales were made in August at 70@75 cents. In September there was quite an active inquiry, and the short crop and inadequate receipts caused a stronger feeling to prevail, prices advancing from 75 to 92 cents. During the remainder of the year the market was active to the extent of the offerings, sales ranging at 81@90 cents in October, and 82@94½ cents in November. Fair sales were made in December at 93@99½ cents.

Barley.—During the early part of the year trading in this market was quite dull, and until the new crop commenced to arrive transactions on both legitimate and speculative account were on a rather limited scale. The offerings were correspondingly small, however, and hence, while at times prices would favor buyers, the general feeling was comparatively strong. In January there was a steady upward tendency in the market, and from \$1.41, the opening price of No. 2, was advanced to \$2.05. During February prices covered a rather wide range, extending from \$1.59 to \$2.05, while in the following month sales ranged at \$1.49@1.60. In April sales covered a range of \$1.50@1.71, but in May there was a decline in prices, sales ranging at \$1.30@1.55, ruling at \$1.05@1.40 in June, \$1@1.20 in July and 87 cents to \$1.05 in August. In the month of September trading was more active, and as the receipts were insufficient to meet the increased requirements of the trade, prices ruled higher, advancing from 91 cents to \$1.16. During October the market was unusually animated and the upward movement in prices was still a feature of the trade, the crop being smaller than expected and the receipts totally inadequate to meet the demand. Early in October 99 cents was paid for No. 2, but as the month advanced it became evident that a substantial corner had been developed, and on the last day of the month sales were made as high as \$1.32, the "shorts" being obliged to settle at \$1.30 for seller the month. During the following month trade continued brisk and \$1.10½ was the lowest price paid, sales being made as high as \$1.33½. Chicago drew freely on California for barley during the year, the total receipts by rail from that state reaching 320 carloads. California also shipped considerable amounts to New York by sea. Trade

was fairly active in December at \$1.20@1.29, prices undergoing severe fluctuations.

Seeds

There was a large crop of timothy in 1874 and the market was already fairly stocked from the crop of 1873. Thus prices were depressed, although subject to wide fluctuations; \$3.20 was the high price for the year, and the low quotation was \$2.40. In clover prices ranged higher, prime old clover before the harvest selling at from \$5.50 to \$5.90. The high price for new seed was \$6.75, but during the latter part of the year the price was between \$5.40 and \$5.70. There were indications that the cultivation of flax was increasing throughout the West. Receipts of flax seed were heavy, the bulk going direct to the crushers. The market opened at \$1.65, and the quotations at the close of the year were \$1.90@2.

Lumber

Lumber receipts for 1874 were somewhat under those of 1872, the banner year of Chicago's lumber history up to that time, and it was claimed that Chicago handled one-tenth of all the lumber produced in the United States and was the largest lumber market in the world. The receipts were 1,053,809,158 feet, and it was estimated that Chicago's interests in the mill properties and the pine lands of Michigan and Wisconsin amounted to \$75,000,000, with approximately \$40,000,000 additional invested in the lumber trade in the city. The trade was not remunerative, owing to the low prices consequent upon overproduction. The cost of obtaining good logs was also increased as the nearer forests were cut over, but this was counterbalanced by the low lake freights, which were lower than since 1861, and the decreased cost of manufacture. The Lumbermen's Exchange was formed during this year and at once proved itself of value in the gathering of statistics and in the inauguration of a central system of inspection and measurement. The wholesale business to country yards developed greatly, but local trade was restricted by the passage of fire district ordinances by the city.

Produce Exchange ✓

The Produce Exchange was organized in May, 1874, and soon had a membership of 331. It proved a great help to the street produce trade, particularly in the gathering of statistics. The system of selling poultry by the pound was introduced and other market changes made.

1875

At the annual election of 1875 George Armour was elected President, John R. Bensley became First Vice-President and D. H. Lincoln was elected Second Vice-President. The new Directors were C. T. Wheeler, H. H. Ross, J. B. Dutch, E. W. Densmore and R. P. Murphey. In their annual report the directors gave the

receipts for the year as \$80,482.67, and the disbursements as \$72,117.41, with a balance in the treasury of \$8,558.42. The assets had grown from \$121,603.23 to \$145,833.82, and the membership was 1,651. The report also spoke enthusiastically of the proposed building of the Hennepin Canal and of the double track freight railway between Chicago and New York. It urged reciprocity with Canada, and suggested that the Board hold stated meetings for the discussion of matters of general interest. The litigation of the preceding year relative to the discipline of the Board was discussed, and it was stated that while the power of the Board had not been denied by the courts there was reason to complain of the readiness with which injunctions were granted tending to paralyze discipline, and the vote on the expulsion of Mr. Sturges was cited to prove that the membership approved of strict discipline.

On January 13 the Board of Trade was the scene of a demonstration which caused considerable adverse comment in the press and on the part of the more sedate members. King Kalakaua, king of the Hawaiian Islands, was the guest of Chicago and was received on 'Change. He was escorted to the office of the Directors, where an address of welcome was given by President Armour, to which the king responded. He was then taken to the Exchange room, where he was given a boisterous reception, the younger members joining in singing what was then a popular song, "The King of the Cannibal Islands." Order was finally restored and President Armour made a speech, to which the king replied with a bow. Mayor Colvin then spoke, saying: "I have the honor of escorting into your midst the king of the Can——" This was greeted with a tremendous outburst of laughter and the mayor apologized, but the king was evidently offended and soon left the chamber. Later two members attempted a burlesque reception, one representing President Armour, and the other, in a black mask, representing the king. This was too much for the self-respect of the Board, the offending members were hooted down, a drum head court martial was held and they were suspended for one week. The following day J. R. Bensley, C. T. Wheeler and A. S. Burt were appointed as a committee on decorum.

In March there occurred a general revision of the rules of the Board of Trade. This included many changes, which were considered at two special sessions, and were adopted by a vote taken on March 18. Among the changes made was one increasing the Board of Directors from ten to fifteen members, and there were added regulations as to trials for improper conduct, and to enforce the carrying out of contracts. The initiation fee was increased to \$1,000, to take effect July 1, 1875, up to which time the fee was to remain at \$250. An effort was made to prescribe that banks, where margins were deposited, should deposit collateral securities with the Exchange, but this was dropped as impractical and the provision

for a bond was allowed to stand. This revision was largely in the nature of recodification and included few innovations, except those mentioned above. In April the charges which had been made a year before against Chief Grain Inspector W. H. Harper were renewed, and a Senate Committee was appointed to investigate. R. McChesney, a former chief inspector, was one of the star witnesses. As a result of the investigation Harper was suspended, and was charged with a shortage of some \$14,000. O. L. Parker was made chief inspector; but, acting under legal advice, Harper refused to yield the office or to turn over the cash, and for a time there were two chief inspectors. Parker finally caused the lock on the door of the office to be changed and took possession. The attention of the Board during these earlier months of 1875 was largely confined to questions of inspection, grading, etc., but the growth of the grain trade and the standing of the members of the Exchange were shown by an article in the "Tribune" of April 17, which said: "The grain trade involves sums vastly in excess of those used in any other traffic in any other city on this continent, and the grain men are of the highest class. The grain trade is divided into two classes—the one dealing in real values and the other in purely speculative values. In the former class \$200,000,000 is used annually, and in the latter class nearly \$2,000,000,000 are used." In 1874 the grain, flour, provision and cattle trade used over \$300,000,000, this being equal to the entire expense of government." An article written by Monsieur Simonin, published in the "Revue des Deux Mondes" of Paris, said of Chicago business men: "The greater number of them, by their loyalty, punctuality and fidelity to their work, are an honor to American commerce, and never allow their paper to be protested. Their commercial virtue meets with its reward. They make princely fortunes, while mere adventurers coming to the city meet with little success." In May came the unearthing of the great frauds by the whiskey ring. Board of Trade members were not involved in these, although it had a decided effect upon the market. On the 16th it was stated that the high wines market was paralyzed, as it was difficult to get advances on goods, brokers not knowing but the property might be seized for want of a clear title. These exposures involved many, not only among those in the liquor trade, but a large number of government officials, and the sensational trials covered a period of several years, a number of those found guilty receiving penal sentences. The greatest speculative movement, in the fore part of 1875, was in provisions. On the third of June, lard declined 55 cents per hundred pounds, and this was followed by other rapid declines, which caused a number of failures, George J. Brine, who had made such a fight to retain his membership on the Board, being among those to fail, as was also Gardner P. Comstock. Out of those bankruptcies grew much litigation in which the Board of Trade was interested. In July claims against

Comstock, amounting to \$338,734.83, were settled at 25 cents on the dollar.

The National Board of Trade met at Philadelphia June 16, and that it was losing something of its prestige was shown by the withdrawal from membership of the Boards of Trade of Cincinnati, Salem, Buffalo and Oswego. The New York Board of Trade was permitted to take seats, but was not permitted to vote. Among the resolutions adopted was one recommending substitution of measure by weight for the antiquated method of measuring by cubics. A resolution proposed by the Board of Trade of the city of Chicago, and advocated by S. H. McCrea, urging reciprocity with Canada, was adopted. The following resolution was evidently in advance of the thought of the time, for after much discussion it was tabled. The resolution in question read: "That where transportation lines are located within the lines of a state they should be regulated by state legislation; but, where they are engaged in interstate commerce, it is the duty of the National government to prescribe and enforce such regulations as will insure substantial justice to all concerned." The National body also declared for the improvement of water lines, but insisted that such improvements should be limited to short lines between great bodies of water. The resolutions further recommended: First, concerted action against the addition to bills of lading and railroad receipts, of conditions unknown to the common law; second, that inland carriers be required to deliver the quantity, by weight, of grain shipped; third, advocating the appointment of a committee of American and Canadian merchants to prepare a treaty for reciprocal trade between the two countries; fourth, recommending liberal patronage of the Centennial Exhibition; fifth, urging continued attention to the subject of transportation by Congress and the state legislatures; sixth, urging the establishment by Congress of a bureau to gather and disseminate information on the subject of transportation; seventh, insisting that railroads should receipt for actual quantities of merchandise and deliver same at destination; eighth, favoring the resumption of specie payment and the withdrawal and cancellation of legal tender notes.

In June, O. S. Hough, whose suspension had been ordered, applied for an injunction to restrain the Board of Trade from interfering with him in his business as a member, and declaring the resolution to suspend him to be null and void; and a week later, before a hearing was had, the Board of Trade restored Hough, whereupon the injunction proceedings were dropped. A commercial event of considerable importance was recorded, in July, 1875, when the first cargo of wheat shipped from Chicago on direct order to Germany was forwarded, on the 19th, by Seckel & Rosenbaum. It was billed through to Antwerp. Before that time the requirements of Germany had been chiefly filled from England and Russia. Still another item of importance was the institution of the first fast

mail service between New York and Chicago, in September. The progress of this first train was followed by the newspapers, and the inauguration of a 26-hour service between the two great cities was hailed with delight by the business men at both ends of the line. In the latter part of July the Chicago newspapers voiced the sentiment of the majority of the Board of Trade by instituting a crusade against state grain inspection. The "Tribune" said, editorially, that grain coming to Chicago was inspected by politicians, and that the inspection was framed to injure and divert business from Chicago; that the state inspection at Chicago was notoriously ignorant and fraudulent and the whole system a species of blackmail. The "Tribune" also charged favoritism to grain shipped over certain lines and stated that the firm of Gillespie & Bancroft of Kansas City shipped 18 cars of wheat to Chicago. The 10 cars shipped via the Burlington were graded No. 2, while eight cars of the same shipment, routed over other lines were graded, five rejected and three unmerchantable. This dissatisfaction with the inspection service grew more pronounced and, in November, it was stated that the grain business was very dull, and that the commission men had but few orders, and this condition was laid to the inspection system, which it was said had almost driven business from Chicago. Another source of complaint was the railroad discrimination, and in December the directors were petitioned to appoint a committee to investigate this subject. The petition was complied with and E. B. Stevens, Robert Warren and C. L. Raymond were appointed.

The new rules adopted, in March, were not entirely satisfactory, and before they had been in existence more than a few weeks proposals to amend them were made. It was thought best, however, to give them a further trial, but September 25 a number of amendments were adopted. Rule 1, Section 1, was amended to abolish the Committee of Reference; Rule 2, Section 2, was amended to empower the President to suspend for disorderly conduct, subject to appeal to the Board of Directors; the suspension by the President to be effective during an appeal. Rule 8, Section 1, was amended to read: "Provided, that in case of default on contracts for future delivery, if it shall not be shown that the seller had provided by a previous purchase of the property for delivery on his contract, he shall in the judgment of the committee be liable to pay, as penalty for such default, damages not exceeding 5 per cent of the value of the property sold. In case either party shall so demand, by previous notice given to the Secretary, the testimony and proceedings of the Committee of Arbitration shall be taken by a stenographer and the expense shall be assessed by the committee as in case of other costs incurred. Section 4, Rule 8, was amended to make five a quorum of the Committees on Arbitration and Appeals, the action of the majority of a quorum to be binding. A number of other minor changes in the rules were also made.

An important ruling was made by Judge Rogers in October, in the Follansbee case, in which the power of the Board of Directors to suspend was sustained, and it was held that a discharge in bankruptcy did not meet the requirements of the rules of the Board of Trade, and was no bar to their enforcement. The judge said in his opinion: "It is absolutely essential to the well-being and existence of associations of this kind that its members should be held to a strict observance of their duties as members, and that the penalties imposed for breach of such duties should be enforced." The year 1875 was a great contrast to the preceding year in the matter of corners, the only one of importance being in the wheat market in October. Of this corner it was said: "The arrangements for a corner in October were as nearly perfect as could be and, but for the existence of the rule against corners, would have resulted in one of the biggest "squeezes" on record in the history of the Board of Trade. As it was, the long party was willing to settle at not more than about 4 cents above the price for November, and nearly all the outstanding shorts were closed up within the margin."

During 1875 improvements to the extent of about \$200,000 were made at the Union Stock Yards. These consisted of new yards, pens, chutes and a handsome new exchange building 50x137 feet. There were twenty acres of cattle pens added, and ten acres of covered hog and sheep pens. A postoffice and printing office were also established.

During the year a law was passed by Congress authorizing the establishment of a branch mint, and Chicago was very desirous of being chosen as the location. At the request of Dr. A. R. Linderman, Director of the United States Mint, for information concerning Chicago, President Armour appointed a committee consisting of E. W. Blatchford, Louis Wahl, John C. Dore, Murry Nelson and Andrew J. Marble, who compiled some very interesting statistics concerning the city, which were published as an appendix to the Secretary's report for the year 1875. In this report the population of Chicago, November, 1875, was estimated at 435,000; the banking capital was given as \$24,431,000, and the trade of the city with the bullion-producing states and territories was given as \$30,000,000. An exhaustive statement of the transportation facilities was made, and it was stated that there were eighteen trunk lines of railroad centering in the city. Relative to wages, the following statement was made as to the average, per day: Machinists, \$2@2.50; blacksmiths, \$1.50@1.75; millwrights, \$2@3; carpenters, \$1.75@2.25; bricklayers, \$2.25@2.75; laborers, \$1.25@1.50; coopers, \$2@2.50; teamsters and teams, \$3.50@4; house servants, \$2@4 per week. The cost of Indiana and Illinois coal was given at \$2.90 per ton on the cars, Chicago. Anthracite coal was quoted from \$6.25 to \$7 per ton. The price of potatoes was given at from 25 to 40 cents per bushel, and flour from \$4.50 to \$7 per barrel.

The produce trade in 1875 stood out in marked contrast to that of the preceding years, exhibiting an actual decrease of 17 per cent in volume as compared with 1874, as well as a decrease in currency value. The course of trade was, however, satisfactory on the whole and very even. Fair prices were realized for most descriptions of produce, and fluctuations were less rapid and severe than previously, while very few failures of importance occurred. Corners in the former acceptation of the word were things unknown, except as matters of history.

Chicago did her full share in handling the products of the great West, and gained on her competitors in some respects; more confidence being manifested in the character of her wares than ever before. There were causes for the apparent retrogression above noted. The crops of Europe were unusually good in 1874, with a fair yield in 1875, so that the people on the other side of the Atlantic needed less of our breadstuffs than in former years. Then, too, the absence of corner excitements on the scale previously witnessed, did not invite to a rapid shipment hither, and especially did not create high pressure diversions from other interior markets.

Provisions

The market for provisions was very active during the greater portion of the year, even the summer months being marked by considerable excitement. As a consequence high prices were the rule, but the fluctuations were not so severe as in several prior seasons. The trade was well controlled by capitalists during the greater part of the year, and they made money, while the parties who operated on the other side were generally the losers. The chief exception to this rule was in the case of lard.

The business of the year was usually considered as dividing on the summer and autumn, instead of the winter, for the reason that the winter was the time of the greatest activity in packing, which invited activity in trade. It is difficult, therefore, to compare the business of two calendar years. But the difficulty was not so great as formerly, as there was a growing tendency to spread the trading over the whole twelve months, as well as to pack during the summer. The packing season of 1875-76 showed a decrease throughout the entire Mississippi Valley, the grand total being nearly 700,000 less than in the preceding year. In Chicago the decrease was 98,000, the number of hogs packed being 1,592,065. Cincinnati and Indianapolis gained somewhat, but St. Louis, Milwaukee, Louisville and St. Joseph lost, while Omaha and Kansas City were nearly stationary. Chicago maintained its supremacy, however, with more than a million to its credit over Cincinnati, its nearest competitor. Live stock receipts in Chicago were: Cattle, 920,843; shipments, 696,534; hogs, receipts, 3,912,110, and shipments, 1,582,643.

Mess Pork

There was a heavy speculative movement in pork in the winter of 1874-5, which carried prices up and largely stimulated its production. The article was bought chiefly by country dealers in hogs, who got out of the deal soon after the close of the packing season. The market then weakened and ruled very dull till a prominent packer took hold and worked off a rather large stock into the hands of consumers while running an operation which looked very much like a corner, though he stoutly protested it was nothing of the kind. The market opened at \$19, declined to \$17.70 in the latter part of January, touched \$18.50, the first week in February, declined to \$18 at the end of the month, rose to a little over \$22 at the end of April, then broke down to \$18.50 in June. It rallied from that point up to \$22 in July, fell back to \$20 in August, and then advanced to the neighborhood of \$23.50 at the close of September. The new pork opened at about \$21 and declined to \$18.80 in December, then advanced to \$19.10 at the close of the year.

Lard

Ruled much steadier than the previous year, though the subject of much speculation. Encouraged by the experience of 1874, when there was a big demand from European consumers and for home use, a prominent operator undertook to control the market, but was unable to do so, as the European market was well supplied, and it was impossible to realize at high prices, and the operation involved considerable loss. Later the market was steady. It opened at \$13.15@13.20 per 100 pounds, advanced to \$13.50 the middle of January, and to \$13.75 the first week in February, receding to \$13.12½ at the close of the packing season. It then strengthened to \$15.75 in the last half of April, and fell to \$13 at the beginning of June. It rose to \$14 the first half of July, settled to \$12.75 in September, advanced to \$13.75 at the close of October, falling to \$12.10 the first week in December and closed at \$12.15.

Wheat.—The movement of wheat through Chicago was less than in 1874, though the trading was larger in 1875 than in any previous year in the history of the trade. The market took nearly the same range, No. 2 varying from 83¼ cents to \$1.31, being a difference of nearly 48 cents between the highest and lowest prices of the year, on the speculative grade. A much larger percentage of the new crop inspected into the lower grades than in any previous year since the days of "stumptail." During the first month of receipts on the new crop the aggregate for Nos. 1 and 2 spring was barely more than 39 per cent of the whole; by the close of October it had slowly improved to a little more than 60 per cent.

The market for No. 2 spring opened in January at 90¾ cents, and declined to 83¼ cents in the middle of February. Just as nearly

every one was expecting a further drop to 75 cents, it took an upward turn and touched $\$1.06\frac{1}{4}$ in April, being chiefly influenced by fear for the condition of the winter wheat. It fell back to 99 cents that month, and to 89 cents by the close of May. The market was very irregular during June at $90\frac{1}{2}$ cents to $\$1.02\frac{1}{2}$, and then rose to $\$1.31$ the first week in August; the prices fluctuating up and down five cents in one day, amid the most intense excitement caused by reports of great damage to the crops by storms in Europe. The market dropped to $\$1.05\frac{1}{2}$ during the next six weeks. From the middle of September to the end of October it was steadied by the small receipts of the speculative grade, which resulted in a "squeeze" in "October" wheat, the closing price being $\$1.13@1.13\frac{1}{2}$. The market receded to $\$1.08$ and ruled steady during the first three weeks of November, the lowest point being $\$1.04\frac{1}{4}$. Then the report of 31,000,000 bushels in sight in Europe with nearly 19,000,000 bushels in the United States (not including the Pacific coast or southern states) caused a break to 99 cents the first week in December, then to $93\frac{3}{4}$ cents and closed firmer at $96\frac{1}{4}$ cents.

Corn

The course of the corn market was a disappointment to everybody in the trade. The crop of 1874 was only a fair one, not so large as that of the year preceding, and, at the close of 1874, the old corn had been well cleaned out of the country by extraordinary stimulus of high prices. The Sturges deal through a great part of the summer, and the Canadian corner, which culminated in December at $80@85$ cents per bushel, had kept the prices unnecessarily high in Chicago, and drawn every bushel of corn that could be sent to the market. For several years preceding there had generally been a considerable stock of old corn in the hands of growers when the new corn commenced to move. That reserve had been exhausted at the close of 1874. Hence there was an inevitable falling off in the volume of business during 1875, and there was another consequence. The consumptive demand had seemed to increase more rapidly than the area of corn culture, from which it was argued that corn was good speculative property, and large amounts of capital were invested in it early in the year. The corn of the West was generally held back for better prices than were then ruling, and the forward movement was very light during the last months of winter, the demand from New England and New York being supplied by the surplus in the states south of New Jersey.

The speculative movement received an additional impetus when the late cold spring destroyed the hopes of many farmers, and the following summer was voted anything but favorable to a good corn crop. It was known that the area of culture was very large, having been materially increased by late planting of corn on fields where wheat had failed to come up. But it was generally expected

that this would be more than compensated by a falling off in the yield on account of excessive moisture and low temperature, especially in the bottom lands, which had hitherto been the most fertile sections.

The market for No. 2 averaged $63\frac{3}{4}$ cents in 1875, the average being 65@68 cents up to the end of October. The market opened in January at 66 cents, declined to $61\frac{3}{8}$ cents the first half of February, rose to $76\frac{1}{2}$ cents at the end of April, sold down to $60\frac{1}{2}$ cents at the close of May, up to $70\frac{3}{4}$ cents in the middle of June, and to $76\frac{1}{2}$ cents the last half of July, and then declined almost steadily to 46 cents early in December, and closed irregularly at 50@ $53\frac{1}{2}$ cents. There was no "squeeze" until the last of the year, though one was often expected. On the last day of December the "shorts" were compelled to settle at an advance of 4 cents over the price of the previous day, and about 10 cents over the price of "seller January."

Oats.—The oat market was a peculiar one, but sympathized in a remarkable manner with corn almost throughout. The market had been extensively manipulated during the latter part of 1874, and that fact left it in a demoralized condition at the beginning of the new year, the majority of operators not knowing what to do. Prices had been well kept up, which augured a decline, but the forward movement had also been a free one, and it was believed that the crop would be well cleaned up before new oats were ready to use, for which reason the bears were afraid to sell the market down. The market was dull during the remainder of the winter, with a very light rail movement eastward, and little trading, except as a heavy demand was gradually developed for May delivery, the market being kept firm by the small volume of the stocks in store. The clique which tried to manipulate the market in June were not very successful, and the long side was even more unfortunate in July, when the market went down persistently and heavily, in spite of the cry that the crop was drowned out, and there would be comparatively few oats after the old were exhausted. The party who had tried to control the market went under, and then some of those who had been on the short side through the summer turned around and worked the other way, through August, September and a part of October, under the slowly declining prices. The August deal was a very large one, at least 5,000,000 bushels of shorts being put out for that month, and some parties in Indiana made a good deal of money on the long side, which partly compensated their losses in wheat. The new crop was a large one, fully 5 per cent greater than that of 1874, but it moved slowly. The wet season had made an unusual growth of straw, so that the oats cured slowly, and could not be passed through the thresher as rapidly as heretofore. The latter difficulty existed the remainder of the year, and the relatively low price gave but little inducement to farmers to market

them. The lower price of oats during the year stimulated consumption both locally and in the East. In 1875 the average price was 47 cents. The market opened at about $52\frac{3}{4}$ cents, ruled steady at $52@53$ cents till near the middle of February, then slowly advanced to $64\frac{3}{4}$ cents in May, fell back to $57\frac{1}{4}$ cents at the close of that month, rose to 63 cents the first half of June, under a corner scare, receded to $50\frac{1}{2}$ cents two or three weeks later, and rose to 62 cents in July. The new oats sold from $40\frac{1}{2}$ cents down to 34 cents in August, then up to 40 cents under fears of a corner, and gradually declined to $29\frac{1}{2}$ cents in the early part of December, and closed at $30\frac{1}{8}$ cents.

Rye

The market for rye was steady during the whole year, under a supply which scarcely kept pace with the demand, though the latter was considerably interfered with by the whiskey troubles, which closed about fifty-two of the distilleries for some months. There was a large falling off in the receipts of the old crop, as compared with 1874, the yield of that year having been a light one, owing to the dry weather, so that there was not much to be drawn upon, as high prices, induced by short sales, had attracted large receipts in the autumn of 1874 and the early winter. The season of 1875 was a backward one, making the new crop fully one month later than usual in starting forward. But the receipts came in freely in October, and during the remainder of the year. The market ruled high on the old crop, prices being some 10 cents per bushel above the point at which shipments could be made to the East during the summer months, but there was a good demand for the supply in the West, with sustained quotations. The market opened at about $97\frac{1}{2}$ cents, fell back to 95 cents, advanced to \$1 in the middle of February and to \$1.15 by the middle of April, subsided to $\$1.03\frac{1}{2}$ later in the month, rose to \$1.08 at the close of April, and fell off irregularly to 90 cents early in July, and rose to \$1.02 by the middle of that month, when the new crop was selling at 75 cents for August. The market (on new) fluctuated between 80 and 88 cents in August, then declined to 65 cents in November, and advanced to 69 cents at the close of the month. Later prices ruled firm at $67@68\frac{1}{2}$ cents most of the time, closing at $67@67\frac{1}{2}$ cents. The average price for No. 2 up to the latter part of July, when the new came on the market, was \$1 per bushel. The average for the whole year was $88\frac{1}{4}$ cents.

Barley

The high prices which prevailed in 1874 encouraged the farmers to sow barley in 1875, and led to heavy "short" selling, under the prospect of an abundant crop and reduced consumption. But the yield of 1874 was light, owing to the drouth, and the market took

an unexpected turn upwards, barley being relatively scarce early in 1875. The acreage in Nebraska, Iowa, Minnesota and Wisconsin exhibited an increase of 25 to 33 per cent, and the yield was a heavy one. In Nebraska and Iowa the crop was seriously injured, and in some places almost ruined by bad weather at the time of harvest. In the other two states the rains did not occur till most of the barley had been secured. In consequence the crop of the West was exceedingly uneven, that from the southern section being, much of it, little better than "stumptail," while the northern barley was good. The crop in Ohio was only one-third of an average; that state and Indiana raising about 2,500,000 bushels between them. Ohio parties bought rather freely in the Chicago markets soon after the harvest to supply their own deficiencies, which caused an advance, and that constituted the bulk of the shipping demand for the new crop. During the first part of the year prices were sustained, irregularly, by the fear that the crops would be ruined by bad weather, the fear being strongest in May and June. Afterwards it ruled weak, and the last few months of the year the market was a fearful slough of despond, that for No. 2 being entirely artificial, while the lower grades were unsalable except at prices that were low even for chicken feed. No. 3 was discounted fully 30 cents from the price of the speculative grade. The market for No. 2 opened at about \$1.24, and ruled at \$1.23@1.33 during January, declined to \$1.01 in March, advanced to about \$1.37 near the close of May, weakened to \$1.15 in June, at which time September sold at 96 cents to \$1; advanced to \$1.40 in the middle of June (with September at \$1.07) and weakened to \$1.15 at the end of that month. September the market rose to \$1.13 and fell off irregularly to 81 cents in November, then advanced to 89 cents at the close of that month, fell off to 84½ cents and rose to 88 cents, receding to 81 cents at the close of the year. The average price of No. 2 for the year was about \$1.26.

Flour

As early as 1875 Chicago flour interests began to feel the effects of direct lake shipments of the Minnesota and Wisconsin product via Milwaukee. The receipts for the year were 2,625,883 barrels, a decrease of 40,796 barrels as compared with the previous year. Prices were about the same, but good milling wheat was higher, leaving a smaller margin of profit. Winter wheat flours were beginning to lose favor and the comparatively new "Minnesota Patents" were sought by the best trade. Chicago flour exports were 2,285,113 barrels, and the amount manufactured in the city was 249,653 barrels, an increase of nearly 5,000 barrels as compared with 1874, though still showing a decrease from the days before the fire, being almost 200,000 barrels less than in 1870.

Seeds

The production of flaxseed was largely increased and prices ranged from \$2.25 in April to \$1.15 in October. Total seed receipts were 75,885,230 pounds, while shipments were more than 20,000,000 pounds less.

Hides

The shipments of hides exceeded the receipts by more than 3,000,000 pounds, the figures being, receipts, 52,357,244 pounds, and the shipments, 55,867,904 pounds. Prices for "Dry Flint" hides ranged from 18@19 cents the first of the year to 15 cents in December. "Dry salted" from 16@17 cents in January to 12 cents in December and "Green salted" from 8½@9½ cents to 7½ cents.

Lumber

The lumber trade showed a considerable increase, and Chicago still maintained its place as one of the leading lumber markets of the world. Prices were low and the margin of profits small, but the volume of business, the greatest since 1872, made the trade fairly satisfactory. The receipts of lumber for 1875 were 1,147,193,432 feet.

Transportation

Lake freights on wheat by sail were 5@5½ cents per bushel to Buffalo at the opening of navigation early in April, but soon receded, at no time after June exceeding 4½ cents and being as low as 2¼ cents in August. In October they were up to 6 cents and at the close of navigation 5½@7 cents. Lake (steam) and rail freights, via Buffalo, to New York, on wheat, per bushel, varied from 15 cents in May to 11 cents in August, rising to 21 cents the last of the season. All rail freights on wheat per 100 pounds to New York were 40 cents in January, but were reduced to 30 cents in October, rising to 45 cents in December.

1876

One of the first duties of 1876 was to settle the deals arising from the corner in corn with which the year 1875 had ended. It was found that there was a much greater quantity of outstanding liabilities than had been generally thought. There was about 1,100,000 bushels which had been defaulted upon to four men alone, and there were several others on the long side who did not receive what the short sellers had agreed to deliver. It was not until March that the Arbitration Committee fixed the settlement price at 48 cents per bushel. As the market price the last of the year was 53 cents, the longs were dissatisfied with this decision, and threatened to appeal, but they were met with the counter proposition that if they did so they might be disciplined for running a corner. At the

election held on January 4, A. M. Wright received 438 votes for President and John R. Bensley 538, and this was hailed as a victory for "reform." The annual meeting was held a week later, with President Armour in the chair. Secretary Randolph read the report, showing that the membership was 1851 and that the assets had increased to \$178,808.71. The receipts for 1875 were \$140,057.66, and the expenditures \$116,727. Subsequent to passage of the rule raising the initiation fee from \$250 to \$1,000, and before the latter rate took effect, 254 new members were received; after that time there were no new members, but memberships had been made transferable and 142 transfers were recorded. Speaking of the changes in the rules, the Directors' report said: "The most radical changes which affect the business relations of the members are in respect to the manner of depositing margins or security on contracts, so that perfect security may be had against any probable contingency that may arise touching the solvency of either party to such contracts, and in relation to the adjustment of balances due on defaulted contracts. In previous years, and under the operation of our former Code of Rules, it was in the power of combinations, or of an individual, under circumstances which were found quite too frequently to exist, to extort damages on account of the non-fulfillment of a contract entirely out of proportion to the damages really sustained. The practice of manipulating our markets to effect these selfish ends had in some cases developed to such proportions that it had come to threaten the good name of the Association, especially in quarters where the only features of the transaction that were known were those of an offensive character. This condition of things induced a large majority of our members to desire that the Board should no longer be made the vehicle of enforcing the collection of damages which, but for the character of our rules, would not be recognized as proper or equitable by any court of law. The reaction of sentiment in regard to this subject as developed in our revised code of March last was extreme, and approached error of almost equal proportions in the opposite direction. Some slight changes were made in the later revision, intended to check the growing tendency to contract for the delivery of property, apparently in good faith, but with a design to utterly neglect to make any provision for the specific fulfillment of such contracts, unless it should prove to be to the interest of the seller so to do." The Directors admitted that the rules then in force were not as direct and certain as was desirable, and recommended further consideration. President Armour spoke feelingly, thanking the Directors and members for their co-operation during the year of his administration, and he was followed by John R. Bensley, the new President. Mr. Bensley was enthusiastically applauded when he said: "The first principle that underlies confidence in us is that of the inviolability of any contract between the members of

this Board. While I am no friend to any rule that would put our members in jeopardy of becoming the victims of a conspiracy to extort money, yet better by far all the corners that would occur, with their consequent disaster to some, than that we should inscribe upon our escutcheon the damaging heresy of even partial repudiation. But neither of the two extremes is desirable or necessary." One of the provisions of the new rules was the increase of the Board of Directors from ten to fifteen, as the additional members, M. S. Kingsland, C. H. Blackman, P. P. Oldershaw, A. J. Marble and A. E. Clark, had been elected. At the election of 1876 five additional Directors were chosen to serve for three years, they were: J. H. Norton, H. W. Rogers, Jr., A. N. Young, J. H. Hurlburt and R. W. Dunham. Josiah Stiles was elected second Vice-President, and D. H. Lincoln became First Vice-President by succession. In connection with the discussion of the rules at the annual meeting a decision of the Supreme Court rendered later in January is of interest. This opinion was delivered by Justice Walker in the case of Lyon vs. Culbertson, growing out of the wheat deal in 1872. The action was based on the following agreement: "Chicago, Aug. 1, 1872.—We have this day bought of Culbertson, Blair & Company, 10,000 bushels of No. 2 spring wheat, in store, at \$1.57½ per bushel, to be delivered at sellers' option during August, 1872." The market closed at \$1.11½ and the lower court rendered a verdict for the amount claimed. This was reversed by the Supreme Court, which ruled that any regulation of the Board of Trade as to futures, where actual delivery was not contemplated, was void.

The question of railroad discriminations was a burning one at this time, not only with the members of the Board of Trade, but with all Chicago business men. Editorially, the "Tribune" on January 4 called attention to the fact that the rate on flour from Milwaukee to New York was 10 cents less than from Chicago to New York. On account of this situation much importance was attached to the work of the committee appointed by President Armour to investigate railroad discriminations. The committee met on January 5, with E. B. Stevens as chairman and W. T. Baker as secretary, and at once began taking evidence from commission men and others. This committee did conscientious work and adduced a large amount of evidence showing how Chicago suffered on account of the arbitrary rates imposed. So effective were their labors that on February 5 it was reported that the railroad pool which had discriminated against Chicago was about to break up. Concerning the report of this committee, on February 8 the Chicago "Tribune" said, in substance: "The report of the Board of Trade Committee on Railroad Discriminations shows hard work. Its conclusions are based on testimony of shippers and railway men and cover several hundred pages. It makes out a perfect case against the railroads, which have been suspected of unfair

dealing, and it only remains now for the business interests of Chicago to unite in resenting it and in coercing a correction of the abuses." The report placed the blame upon the railroad pool, and said that the main condition of the combination was that the Chicago rate should be inflexible, leaving the roads to prorate with the cross lines at interior points to the West, South, Southwest and Northwest of Chicago, so that interior points, equi-distant with Chicago from the seaboard, could send their freight at much lower rates, and even points further away could ship for less money. It was declared that this state of affairs was made possible by concessions to other points, by prorating and rebating, and by under-billing or over-weighing. The committee recommended the formation of an association for the protection of Chicago shipping interests, similar to the Cheap Transportation Association of New York, the establishment of a steamship line between Chicago and Grand Haven, to connect with the Detroit & Milwaukee Railway, and also the encouragement of the Grand Trunk to extend its lines to Chicago. The report was signed by E. B. Stevens, William T. Baker, W. J. Pope, Josiah Stiles and P. W. Dater. Following the publication of this report representatives of all the railways leading into Chicago met at the Grand Pacific Hotel to find a way of stopping discriminations. At this meeting a committee was appointed to report a schedule of rates based on actual mileage, and these rates were adopted. Complaint was made that the Board of Trade Committee on Discriminations had met with no co-operation from the warehousemen in their effort to reduce the cost of handling grain in Chicago. It was stated that the warehousemen refused to lower their rate, and that a pool existed, some elevators receiving no grain but sharing in the profits of the pool. The storage rates were two cents per bushel, and other charges were switching, \$2 per car; loading, \$1 per car, and inspection, thirty cents per car, making a total of about three cents per bushel. The railroads agreed to abolish the charges for switching and loading, but the warehousemen would make no reduction. The Board of Trade asked for a rate of one cent per bushel for seven days, to be paid by the railroads. On February 25 the Board of Trade Transportation Committee met and invited the Grocers' Exchange, the Lumbermen's Association and leading wholesalers and jobbers to meet with the committee to form a Transportation Association, as it was charged that the new tariff adopted by the railroads was for effect only, and that there was never any intention to adhere to it. It is not recorded that this agitation had any particular effect upon railroad rates, although they were very low immediately after this action. In April a charter was made for 40,000 bushels of wheat from Chicago to Liverpool, at the rate of 41¼ cents per 100 pounds, which was considered very low. With the opening of the Straits of Mackinac a great grain fleet set sail from the Chicago harbor.

This fleet carried 550,000 bushels of wheat, 1,500,000 bushels of corn, 300,000 bushels of oats, and 30,000 bushels of rye, a total of 2,380,000 bushels, and there were also 1,200 cars shipped by rail to Boston, Baltimore and Philadelphia. This was proclaimed as being the largest shipping movement Chicago had known.

Aside from the course of the markets and the minor incidents constantly connected with similar institutions, the interest of the Board of Trade was centered largely upon the inspection service, the warehouse question, and the difficult adjustment of the rules relative to contracts for future delivery, in order to arrive at an equitable degree of protection for both buyers and sellers. Following the course of the inspection troubles during the year, in February there was a court decision affecting the status of assistant inspectors. An Indiana shipper was charged with offering a small bribe to an assistant inspector and was indicted. His attorney raised the point that an assistant inspector was not an officer of the state within the purview of the constitution, and this objection was sustained by the court and the indictment quashed. This decision left the assistant inspectors without any standing or responsibility as officers of the state; and so general was the dissatisfaction with the service that again there was a movement among the members to reinstall Board of Trade inspection, making grain "regular" for delivery on contracts only when inspected by the Board of Trade inspectors. In March the Directors appointed an inspector to examine grain sold by sample when desired to do so, the charge being fixed at 40 cents per carload. In April D. Palmer was appointed by the Directors as grain examiner, this title being used to avoid that of "inspector," so as not to conflict with the state law. His duties were to look after cargoes of grain for shippers and to watch grain sold by sample. The question of transactions in futures and options was still being bandied about among the courts, and the Board itself was struggling to adopt just rules of trade. In April a resolution was presented to the Directors to prohibit the selling or buying of "puts" or "calls" in the open market of the exchange room, and this resolution was adopted with apparent unanimity. In May the "Tribune" stated that Chicago was losing its hold as a grain market, and that elevator charges must be lowered, and changes made in the Board of Trade rules. "Under the operation of well-enough-meant rules for the prevention of corners," continued the "Tribune," "our market has degenerated into a machine, which is chiefly run in the interest of the bears. It would be best to have it so conducted that it would favor neither side at the expense of the other, but, if it must lean at all, it is evidently to the interest of the city, and the Northwest as a producing section, that it should tend (slightly upward, rather than the other way."

In order to relieve the situation somewhat the elevators made a special storage rate of one cent per bushel to favored shippers,

but this was not an open rate of which small shippers could take advantage. Large quantities of grain were daily transferred from the railroad cars of one line to those of another, near the outskirts of the city, at a cost of less than 50 cents per car. This was done by hand shoveling, and the cost was contrasted with the charge made by warehousemen of \$1 per car for "trimming," which simply meant the leveling of the grain in the car as it was poured in from the elevator. The Chase Elevator Company published a statement giving as the reason why Chicago elevators were losing trade, the establishment of many country elevators where grain was stored and handled more cheaply; and that the building of these elevators was encouraged by the railroads, and that many of them were owned by Chicago dealers. In May the vessel owners determined to form an association for the purpose of taking measures against the high terminal charges, which were said to be over three cents per hundred pounds in Chicago, while at other points they were less than one cent. The switching, trimming and elevating charges were the ones of which the vessel owners particularly complained. In line with the rule forbidding transactions in puts and calls in the exchange room was the decision made by the Directors, in May, that the offer to buy or sell "seller double" or "buyer double" on 'Change was an infringement of the rule under which privileges were prohibited. The Directors also gave notice in June, that they requested the President to promptly impose a fine of \$5 in all cases where it was known that members traded out of hours. They also declared that they understood the rules to mean that not more than 5,000 bushels of grain, or 250 barrels of pork could be included in one bill of property for delivery.

The National Board of Trade met in New York in June, 1876; a resolution, offered by Chicago, opposing the threatened withdrawal of the fast mail service was adopted. Among other resolutions were the following, recommending a uniform system of legislation regulating the issue, negotiability and transfer of bills of lading, warehouse receipts and like commercial instruments; urging the adoption of uniform standards of quantity in the principal markets of the country; for a revision of the revenue laws; for the appointment of an international committee for better trade relations with South America; for the passage of uniform bankruptcy laws, and for the appointment of a tariff commission.

Court decisions bearing on the moot questions of Board of Trade transactions and discipline were made in July. In the case of *Pickering et al. vs. Henry Cease*, the Supreme Court held: "The parties were merely speculating in differences as to the market values of grain on the Chicago market. Such contracts are void at common law as being inhibited by sound public policy. Time contracts are of daily occurrence, and must of necessity be in commercial transactions. Agreements for the future delivery of grain or

any other commodity are not prohibited by the common law, nor by any statute of the state, nor by any policy adopted for the protection of the public. What the law does prohibit, and what it deems detrimental to the general welfare is speculating in differences in market values." The Supreme Court also sustained the Board in the expulsion of T. B. Rice and fully sustained the right of the Board to discipline its members.

Of great importance to the trade was the continued report that grain was out of condition in the Chicago elevators. President Bensley appointed J. W. Preston, H. W. Rogers, S. D. Foss, J. J. McDermid and J. D. Cole as a committee to report on the condition of wheat. After an examination they reported that while a few bins of wheat were slightly heated, the general condition was good and there was no justification for posting. Nevertheless, this report caused a decline of several cents per bushel in wheat prices. So great was the dissatisfaction with the service that, in August, William T. Baker & Company notified the state grain inspector that his services would be dispensed with by them, saying that there was too much politics in the inspection. Lyon, Lester & Company was another firm which refused state inspection. The dissatisfaction with the Committee on Appeals of grain inspection came to a head when the committee was requested to resign, and P. W. Dater, D. W. Irwin and S. D. Foss were appointed. This change, however, was not satisfactory to the Board, and was received with great disfavor, many receivers refusing to take their cases before them. In September the Warehouse Committee of the Directors of the Board of Trade examined the wheat in Neeley & Hambleton's elevator, and reported that none was in good condition. As the proprietors had failed to notify the public, according to law, the Directors gave notice that No. 2 wheat receipts from that house, issued prior to September 14, would not be recognized as "regular." There was much fear that all the old wheat in storage was in bad shape, and a petition to the Board of Directors was circulated on 'Change asking that no receipts for grain be recognized as "regular" for delivery on contracts unless, first, that they be issued by parties of well reputed integrity and of thoroughly established financial credit; second, that the elevators can be easily approached by vessels of ordinary draft, and can load cars during rainy weather; third, that all grain cleaned in this city be placed in special bins and not recognized as regular. On September 20 the Directors notified the manager of the St. Louis elevator that some of the wheat in that house was out of condition. The chief inspector declared the wheat to be all right, and the St. Louis elevator refused to post it, whereupon the Directors declared old No. 2 wheat in that warehouse to be irregular. The case was to have come before the Committee on Appeals, but it was announced that no action could be taken, as no one would bring the case properly before the

committee. On September 26 the receipts of this elevator were declared irregular, and it was not until November 1 that they were again made regular. As September wheat was at this time the subject of much speculation, all these actions concerning wheat out of condition had effect upon the market and were approved or disapproved by members according as their interests lay. According to the "Tribune" the September wheat deal, which was generally understood to have been a corner, closed with little excitement, and not much chance for trouble. It was believed that less than 100,000 bushels remained unsettled at the end of the month. The magnitude of the deal was estimated at between 3,000,000 and 5,000,000 bushels, and the profit in the neighborhood of \$250,000. The wheat was bought all the way up from 85 cents and was understood to have been held chiefly on account of parties in Milwaukee. Later it was announced that 260,000 bushels had been settled at \$1.10½.

October was notable for several things. The Chicago packers refused to take part in the National Convention, claiming that other cities failed to report stock and that they were furnishing statistics for the benefit of other dealers. On October 8 the Board of Trade refused to adjourn on the anniversary of the Chicago fire on the ground that enough stress had already been placed upon that event. Later in the month European war news caused much market excitement, gold went up 3 cents, wheat 5⅜ cents, corn 1⅝ cents, pork 45 cents and lard 20 cents. Wheat touched \$1.17 for November, and the sudden upturn caused the failure of the well known firm of Ranney & Inglis. At this time again there was much fault found with the state inspection of grain, and the "Tribune" published several columns of interviews with members of the Board of Trade, declaring the inspectors incompetent. On November 14 appeared in the Chicago papers the first of the get-rich-quick advertisements which were to be so common at a later period, and which heralded the appearance of the first real bucket shop on the Chicago market. The advertisement read:

"RUMBLE & COMPANY.

"My \$1,000 was made from \$20 and \$100 invested in grain by Rumble & Company, grain and privilege brokers, 132 LaSalle Street, Chicago. Weekly reports free. Circular tells of puts and calls."

The insertion of this advertisement led to some investigation, and it was publicly announced that Rumble & Company were not known upon the Chicago Board of Trade.

Market conditions during the fall of 1876 were complicated by the uncertainty of the result of the presidential election. This was the Hayes-Tilden contest, in which the votes of several southern states were in question, the result not being definitely decided until March 3, 1877, the day before President Hayes was inaugurated.

In December the general dissatisfaction with state inspection had reached such a stage that it was felt that concerted action should be taken to present the matter to the legislature. Accordingly, a meeting of grain receivers was held in the rooms of the Arbitration Committee, H. A. Towner, presiding. The meeting listened to the report of a committee consisting of C. E. Culver, F. D. Oertel, J. G. Smythe, Julian Kuné and M. W. Foss. The report dealt with the origin of Board of Trade inspection, and the difficulties met with, and said application was made to the legislature to legalize it; instead of which inspection was taken from the Board and the power to grade grain, which largely affected the price, was given into the hands of men not familiar with the trade, and who were antagonistic to the dealers in grain. At first grades were fixed by law, and could only be changed by the legislature. Later this was modified so that changes could be made on twenty days' notice, and the Appeals Committee authorized. The committee stated that the law was better after these amendments, but that there was much dissatisfaction with the law and with its administration. They asked why Chicago should be singled out and other cities of the state omitted, and cited that New York prohibited state inspection. They admitted that inspection was necessary where the grain of different owners is handled in bulk, but insisted on the natural right of buyers and sellers—of the owners of property—to arrange as to its classification. They urged also that the rights of other states were infringed upon. The committee believed that the Board was unauthorized and that it would be unwise for it to engage in the inspection business by employing inspectors, collecting fees and assuming the risk incident to the prosecution of the business. They held, however, that the Board was authorized to make rules for the inspection of property, to adopt standards of grade, to appoint inspectors, weighmen, etc., and that the association did exercise such power in regard to property other than grain, namely, provisions, pork, flour, cooperage, hay, etc., all of which were inspected under the rules of the association by inspectors appointed by it and strictly liable for errors. It was their firm belief that the interest of shippers from Chicago and the good of the grain trade could best be promoted by the state surrendering the business of inspection of grain and allowing the Board to exercise the charter rights which it had assumed in regard to other property dealt in on 'Change. It was recommended that the grain shippers be invited to co-operate with the grain receivers in an effort to secure the repeal of that part of the warehouse law that made it obligatory upon the state to inspect grain in Chicago. Acting upon the suggestion of the committee five from among the shippers, millers and grain dealers were added to its membership. This agitation continued through the remainder of the year, in the press and on 'Change. The evils of what was called "political

grain inspection" were pointed out, and it was charged that the personnel of the inspection court was much lower than formerly, was much lower in point of ability to judge grain, and that the inspections were very uneven. All this was emphasized in the report of the Directors, and the vigorous campaign made by the Board the following year.

A matter of litigation of great interest to the Board was instituted by W. T. Baker & Company in September, 1876, at which time they asked an injunction against the Board, to prevent their expulsion, growing out of a transaction in December, 1875. At that time Baker & Company sold 5,000 bushels of corn at 46¾ cents to Foss, Elliott & Company, and upon failure to deliver settlement was asked at the corner price. Baker & Company refused to arbitrate, asserting that the Arbitration Committee was directly interested adversely to them. Thereupon a special committee consisting of A. M. Wright, George M. How, N. K. Fairbank, S. A. Kent and Edson Keith was appointed, which awarded Foss, Elliott & Company a small sum. The question was carried to the Appeals Committee and the award was increased and based upon the corner price. Baker & Company claimed that the Appeals Committee had no power over the award of a special committee, and took the case to the courts. The Directors thereupon passed the following resolution: "A resort to the courts to recover money paid under an award of the committee of the Board is a violation of the agreement of submission signed by the parties." The injunction came up for hearing, and President Bensley and Secretary Randolph testified that the expulsion of Baker & Company was not contemplated, but they refused to pledge the Board that no such action would be taken. Whereupon an injunction for sixty days was granted, although it was apparent that this was in direct conflict with the decision of the Supreme Court in the Rice case.

The Markets

Unusual market conditions prevailed at different times during 1876. In February corn was in the neighborhood of 40 cents per bushel for feeding and hogs were about \$8 per hundred live weight. It was stated that this was a condition never before known in the Chicago market, and it was taken to mean a larger hog crop. There was a corner in February wheat, and on March 1 that cereal declined 6½ cents. The most exciting corner of the year was that in May barley. The price was forced up to 80 cents, while June was quoted at about 55 cents. The rules against corners were brought into play and the shorts decided not to settle, but to arbitrate. The Arbitration Committee in June fixed the settlement price at 80 cents, and their decision was taken to the Appeals Committee. Later this decision seems to have been changed by the Arbitration Committee itself, and the price fixed at 71½ cents, with 5 per cent

damages, which made the price of settlement 75 cents. This action was approved by the Appeals Committee in July, and the deal settled on that basis. In May and June the market was affected by the possibility of war between Russia and Turkey, but this inflation of prices was temporary, for on July 18 the financial editor of the "Tribune" said: "Since the last National holiday, two weeks ago, the price of wheat has declined $14\frac{3}{4}$ cents per bushel, or nearly 14 per cent. The later war news revived prices and the devastation caused by grasshoppers in the Western states also had a tendency to increase the price. Trading during the last months of the year was not sensational, and it was considered worthy of note that the year ended without a "squeeze."

In April the Chicago Pork Packers' Association held its annual meeting and re-elected B. F. Murphey President; B. P. Hutchinson, Vice-President; C. L. Raymond, Treasurer; B. F. Howard, Secretary, and Josiah Stiles, Henry Botsford, C. M. Culbertson, J. B. Robertson and J. L. Hancock, Directors. P. D. Armour headed the Arbitration Committee. In February, 1876, was mentioned the first dissatisfaction with the quarters occupied by the Board, and agitation for a new building.

Chicago transacted a greater volume of business in 1876 on the whole than in any preceding year, in spite of the general depression which reigned in the West and in the East, with the exception of a temporary spur to activity given by the Centennial Exposition at Philadelphia. Outside of that, the one hundredth year of National Existence was, commercially speaking, a dull one, though not without signs of improvement, and Chicago held her own in view of all the circumstances. It was only right that the West should pay homage to the East in 1876, and she did so royally, but felt that she could not afford an immediate repetition of the tribute to the memories of a century ago.

Produce

The produce trade of 1876 compared favorably with that of former years. It was largely in excess of that of 1875, as measured by volume, and exceeded it in value by nearly one per cent, though prices ruled lower on the average than in any former year since the war. The chief gain was in corn, hogs and hog products; the principal falling off was in wheat, the latter, however, being partially made up by an augmented flour movement. The course of trading was very steady, on the whole, notwithstanding considerable excitement over the question of war in the old world. Few failures occurred in the trade, and corner operations were confined to narrow limits.

The volume of speculative trading in produce continued to increase, but its character underwent an important change. Before the passage of the Board of Trade rules, intended to prevent cor-

ners, prices fluctuated up and down widely. After the adoption of these rules there was comparative steadiness—changes still, but within narrower limits. It was objected to those rules that they threw the markets entirely into the hands of the “bears,” and would diminish the volume of trade by lowering the average of prices paid here for produce. There was no doubt that these rules prevented quotations from going so high as before, and therefore Chicago did not offer the temporary inducements to ship avalanches of produce to the city which used every now and then to exist. But the collapses that followed those fever heats of excitement also ceased, and the steadier course of quotations induced larger speculative orders from people who formerly invested but sparingly for fear of being ruined.

The rates of lake freights were so low during 1875 that it was generally thought they could not possibly go lower. But they were still further reduced in 1876, and were kept at a much more uniform rate than usual. The highest rate on corn to Buffalo, October 17, was $4\frac{1}{2}$ cents, the lowest July 13 was $1\frac{1}{2}$ cents. The average was $27/10$ cents. Rail rates ruled very low. During the greater part of the year the nominal rate was only 20 cents per 100 pounds from Chicago to New York on grain, and even that low figure was extensively cut. In the beginning of December the rate was raised to 30 cents on grain and the year closed with a promise of further increase January 1 to 35 cents per 100 pounds on grain and 40 cents on meats to New York, with rates to other seaboard points in proportion.

For the handling of grain in Chicago there were nineteen elevators, including the “Pacific,” recently rebuilt, with capacity of 100,000 bushels, and Joseph Armour’s, the capacity of which was doubled, making it 450,000 bushels. The total capacity was about 15,750,000 bushels.

The conduct of the warehousing business during 1876 was unexceptionable, except that the charges were higher than many deemed to be necessary. They were, however, no higher than in 1875, and the warehousemen voluntarily reduced the storage on rejected grain to the same figures as for No. 2. They were also to be credited with great care and expense, with no little loss in weight in the continuous handling of grain during the germinating season, by which means it was kept in fair condition all through the year. The conduct of grain inspection was not all that could be desired. On the contrary, very much dissatisfaction was expressed, chiefly in regard to barley, corn and wheat.

Provisions

In the states of the Mississippi Valley during the season of 1876-77 a total of 5,068,992 hogs were packed, and of these Chicago’s share was 1,618,084, a substantial gain, but still not equal to the

season of 1874-75. At the same time the packing business of Cincinnati decreased 40,000 and Cleveland increased 33,000, that city for the first time going above the 100,000 mark. St. Louis made a good showing, with a gain of 85,000, and Kansas City regained much of its prestige at the expense of St. Joseph. Indianapolis, though still ranking fourth, lost heavily, and the new metropolis of Omaha gained nearly 100 per cent. By this time Chicago, with its record of more than 1,500,000 for four years in succession, being almost equal to the combined pack of Cincinnati, St. Louis, Indianapolis, Milwaukee and Louisville, had established a supremacy as a hog packing center that has never been assailed, and further comparative statements are unnecessary, for, within a few years, or until Omaha and Kansas City became important, the history of the packing industry of Chicago was, practically, that of the industry for the Mississippi Valley. In live stock cattle receipts for the first time exceeded one million head, the figures being 1,096,745, with shipments of 797,724. The receipts of live hogs were 4,190,006 and the shipments 1,131,635. The number of hogs packed in Chicago from March 1, 1875, to March 1, 1876, was 2,320,846, and as Chicago was the only city where the summer pack was of large proportions, it easily led the world in this great industry. The number of dressed hogs received showed a decrease to 148,622.

The market for provisions was active during the greater part of the year and irregular, though the fluctuations were less frequent than in most former years. The course of prices was generally upward during the first three months, tended downwards for the next six months, and then reacted to a moderate extent. The trade was not so well controlled by capital as in 1875, the largest investors being those who had lost most money on both the upward and downward turns. Chicago controlled the trade of the entire West in provisions. She not only packed about as many hogs as Cincinnati, Louisville, St. Louis, Indianapolis and Milwaukee combined, but became the model for operations outside, and the center for trading on the part of both buyers and sellers all over the world.

Wheat

The movement of wheat through Chicago was again less than during the preceding twelve months, showing a very large falling off from 1874, when the receipts were the largest in several past years. A great deal of wheat went around Chicago, and large quantities were shipped directly through the city. The inspection into store would have been even less than it was but for the fact that in the autumn months a great many lots intended to be simply transferred were placed in store because cars could not be procured for transportation further East. Prices, too, ranged lower, averaging nearly the same as in 1875, and the course of the market was steadier.

The receipts of wheat as reported by the Secretary of the Board of Trade were 16,574,058 bushels, against 24,206,370 bushels in 1875. The shipments were 14,361,950 bushels, against 23,184,349 bushels in 1875.

The market dragged badly all through the spring, being depressed by the accumulations of wheat on the seaboard, which would not move across the ocean, and were taken slowly for home consumption. The difficulty in Chicago was increased by the Schroeder & Lindblom failure in Milwaukee, under a load of nearly 2,000,000 bushels, which they had vainly tried to carry through to the opening of navigation. The market had barely recovered from this stroke, and attracted a moderate order demand, when it was again depressed by rumors of bad condition, and went down to 83 cents. The average of August was even below that of July, due to a growing distrust of the quality of the old wheat. During the season of depression a powerful combination quietly obtained control of the market, and the unfortunate shorts slowly woke up to a consciousness of the fact that they were cooped up in one of the most gigantic corners ever known, though the new rules were sufficient to prevent such an extensive squeeze in prices as had been experienced previously. The Turkish question loomed up at this juncture, which, added to reports of a short crop in the United States, enabled the clique to realize a handsome profit without forcing the settling price more than a few cents above the shipping value to other points. Under this "September deal" the distinction in price between the old and the new No. 2 was entirely obliterated, though the difference in actual value was generally estimated at 10@12 cents per bushel, and the same as between new and old No. 3.

During October the market continued to be excited by war rumors, and the speculative furore was strong enough to keep the old and new No. 2 at the same price till the word "new" was dropped from the inspectors' lists on the 1st of November. The market then eased off slightly, but again advanced and ruled strong in December, the highest point of the year being reached in that month. The cause of the advance was not so much the anticipation of war in the old world as a growing conviction that the supply was short in Europe, as well as in the United States, and a belief that American wheat would be wanted for consumption at much higher prices the following spring and summer.

Corn

The course of the corn market was a surprise to most people in the trade. The movement through the city was unusually large. The receipts of the year were 48,668,640 bushels and the shipments 45,629,035 bushels. A great deal of the corn was damp when gathered, owing to the long-continued bad weather near the time of

maturity. The result was that the corn could not be depended upon to keep. Not a little of it rotted in the cribs, and there were a good many bad kernels even in corn of otherwise good quality. It was thus liable to heat all through the year, especially in the hot weather of the summer, unlike sound fat corn, which is in danger of heating only during the germinating season. Great care was necessary in handling it.

The range of the market was unusually small, the variation in prices for several months being only a few cents. The course of the market, in 1876, at least during the first ten months, was governed more by calculation, less affected by what is usually called speculation, and ruled by fewer men, than in any former year since the war. It was widely spoken of as a manipulated deal all the way through, but the movement of the old crop seems to have been a perfectly legitimate one. Early in the winter of 1875-6 prominent parties took a comprehensive survey of the field. They saw that the consumption of corn was capable of being indefinitely increased in Europe, if supplied on attractive terms. They saw that the farmers of England, Ireland and France had recently awakened to a sense of the feeding value of corn, and had become convinced that with low-priced corn they could fatten stock much more cheaply than the meat could be procured from the United States. These parties, therefore, concluded that the marketable surplus of the West was no greater than could be successfully handled at moderate prices, even if there were no material increase in the New England demand, and deemed it probable that freights would rule very low in 1876, as they had done the preceding year, especially if the moving part of the corn crop should pass through few hands, so that there would be little competition among shippers, in which event carriers would have little voice in the establishment of freight rates. The increase in the demand for corn in the British Isles during previous years and the observed ratio of price to consumption satisfied them that if corn could be laid down in Great Britain at 26s per quarter, steadily and continuously, there would be a demand for all that could be forwarded thither. On this estimate they decided to buy all corn offered, as long as they could make a profit on it at 26s c. f. & i. to Liverpool, and made some large contracts to lay it down there at that figure. These offers were readily taken at first, buyers on the other side of the Atlantic believing that they could work off untold quantities at something above that price. The outlook was certainly a favorable one for them, and in England, Ireland and France extraordinarily large quantities were absorbed, taking the place of other and more expensive food. But the task was greater than had been bargained for. A steady demand in Chicago, which was necessary to carry out the plan, brought out much larger quantities than had been reckoned on, and the offerings on the other side of the Atlantic were so much in excess of

the wants of consumers that the price fell to 25s on lots in good condition, and some parcels which had become more or less heated in the passage were sacrificed at 19@22s per 480 pounds.

After the close of navigation the movement was slow. The new corn came forward so tardily as to induce fears of a corner on the light stocks of old in December, and the price for that month rose to a premium, which kept the old corn in storage in Chicago. Country shippers, and some of the receivers in this city, complained that the inspection was so high here that they could not afford to send their corn to Chicago. A large percentage of it was passed into store as new mixed or rejected, much of which, the owners claimed, ought to have been graded as No. 2.

Oats

The market for oats exhibited a marked falling off. There was not much change in the volume passing through the city, but a great decrease in aggregate value. The receipts of the year were 13,030,121 bushels, against 12,916,428 bushels in 1875, and the shipments 11,271,642 bushels, against 10,279,134 bushels the preceding year. But the value of the receipts was not much more than half as great, owing to the fact of relatively low prices during 1876, in addition to poor quality of the new crop.

The course of the market was very regular, there being few features to require description. There was no corner, since the one in the summer of 1875 resulted disastrously to the person who engineered it. The new rules of the Board of Trade, too, were especially unfavorable to corners in oats, as the 5 per cent penalty it imposed on parties failing to make provision for their contracts amounted to comparatively little on a 5,000 bushel lot. Hence prices ruled low in the absence of excitement and under a good supply, the crop of 1875 being a large one. The surplus of that crop was considerably larger than was supposed by many parties in the trade, and they lost money by operating on the long side of the deal.

Rye

The demand for rye was light through the greater part of the year, while the volume offered for sale was unusually large, making the market an unsatisfactory one to the trader. The volume of receipts was fully doubled, being 1,447,900 in 1876, against 699,583 bushels in 1875. The volume of shipments increased even more, the 1,433,976 bushels shipped in 1876 being four times the 310,592 bushels shipped in 1875. The cause for this great disproportion laid in the fact that comparatively little rye was used in Chicago, nearly all the distilleries being closed during the greater part of the year.

For the same reason the market dragged badly. It was very

dull during the first three or four months, as the distillers were inactive, and the flour men held off for lower prices; so that there was scarcely any demand, as speculators could see no inducement to handle it, and prices were lower in the spring than in the winter months for this reason. In June a fair demand sprang up for export to Europe, under which the market for No. 2 advanced to 72½ cents. In the middle of that month the trade commenced to buy for August delivery, starting in at 62c, and the purchase probably exceeded 250,000 bushels. In July and August the market receded to 50 cents, owing to the depression in wheat, and the fact of large receipts of the new crop, which weighed down the market. A partial rally was affected, but large receipts again broke the market to 56 cents, and it then ruled steadier until late in November. At that time the rye crop of Germany was discovered to be so short as to require large supplies from other places, and orders were sent for all that could be obtained. The result was that bins were nearly cleared out of the new and old rye by direct shipments to the continent of Europe, and the market strengthened under that demand to the highest point of the year. It was believed in December that most of the "visible supply" of rye in this country was controlled by one firm doing business in Chicago.

Barley ✕

The barley market had not recovered from the demoralization which set in after the panic of 1873, and the character of the crop did not tend to improve the trade. The movement was much larger in volume. The receipts were 4,716,360 bushels in 1876, against 3,107,297 bushels in 1875, and the shipments were 2,687,932 bushels, against 1,868,206 bushels the preceding year. The market was dull and dragged badly in the early part of the year. The crop of 1875 in the Northwest was of poor quality, and the grading of No. 2 was low, which made it unpopular with maltsters and brewers. On the other hand, Canada and New York had a heavy yield of good quality, and Eastern consumers were supplied chiefly from these sources, buying more sparingly in the West than usual, while the Canada barley competed with the western product in Chicago. This condition of affairs offered little encouragement to the speculative trade to take hold of it. The market declined to the unusually low figure of 51 cents in April, which induced a prominent operator to try to make something out of it on the long side in May. But the resulting corner of that month was far from being a success.

The cornering firm was obliged to receive large quantities of poor stuff, which it was unable to dispose of then, and had to carry over into the new-crop year at a heavy loss. Some of that barley, delivered at 95 cents, was sent East, and sold there for feed at 40 cents per bushel. The maltsters did not regard it with favor. The new crop year opened with a large stock of old barley in Chicago,

a heavy accumulation of old malt in the East, and a good deal of common malt in this city. The new crop was better than its predecessor, but still poor in quality, having been injured by bad weather. The crop of Iowa, Illinois and Wisconsin was badly stained, and the consequence was that a great deal of it passed into the low grades.

The crop was very freely marketed in September, and inspected chiefly as No. 3 and rejected. The crop proved to be very deficient in choice brewing barley, and Chicago brewers, being more particular in this regard than most of their Eastern brethren, turned their attention to California. About 400 carloads (170,000 bushels) were received in Chicago and sold at \$1.15@1.25 per bushel. A good deal also went to St. Louis, Cincinnati and New York, the latter by water, and one cargo of it was received in Chicago from the Atlantic seaboard. The California crop was larger than in any former year, and superb in quality. About 225,000 bushels of Canada barley was also bought for this market at \$1.17@1.18. Most of it arrived by lake before the close of navigation.

Flour

Prices ranged higher for flour than in the preceding year, but the trade was dull and lifeless. Spring wheat flours became more popular, displacing the white winter wheat. Receipts of flour were 2,955,197 barrels and the city manufacture was 271,074 barrels.

Seeds

The receipts of seeds were nearly 30 per cent larger than in 1875. Clover seed ruled higher under a good demand, largely for export. Timothy commanded from \$1.70@1.75 for the choice seed of the new crop after August. The flaxseed crop was smaller than in 1875, but prices ranged lower throughout the year. Seed receipts were 96,890,420 pounds and shipments 82,344,295 pounds. Flaxseed was lowest in August at \$1.15 and highest in April at \$1.55.

Lumber

Prices of lumber ruled low, but this was partly counterbalanced by low freight rates and generally reduced cost of production, especially for those who owned timber lands. Others realized but little profit. Lumber receipts were 1,039,785,265 feet and shipments were 576,124,287 feet.

Hides

The total receipts of hides were 55,484,514 pounds and the shipments were 59,102,027 pounds. Dry flint hides were 15 cents in January, but receded to 12@12½ cents in May, at which price they stood until December, when they were quoted at 15@16 cents. Dry salted ranged from 10 cents to 13 cents during the year and green salted from 6¾ to 9½ cents, the higher prices being in December.

Transportation X

Owing to rate wars between the railroads freight rates were very low, the competition making the year unprofitable to vessel owners. During this competitive war rates nominally stood at 20 cents per hundred pounds on grain to New York, but these rates were shaded to 14 cents at times. West bound freight rates were also very low. Arrivals and clearances at the port of Chicago were the lowest since 1864. Lake freights by sail on wheat, per bushel, to Buffalo, were $4\frac{1}{2}$ cents in April, 2 cents in July and August and as high as 5 cents in October. Lake (steam) and rail rates to New York on wheat, per bushel, were from 15 cents in May to $9\frac{1}{2}$ cents in August and 14 cents in November. All rail freights on grain, per hundred pounds, to New York were 45 cents from January to March. In April they were reduced to $22\frac{1}{2}$ cents and from May until December 18 were at 20 cents, being raised to 30 cents the last two weeks of the year. These were the open rates, but as before stated they were often shaded.

1877

At the annual meeting, held on January 16, the assets of the Board of Trade were shown to be \$167,841.16. The receipts for the year were \$73,233.19 and the expenditures, which included \$25,000 paid for city certificates, were \$98,186.27. The membership was 1,842, and the assessment for the year was fixed at \$20. The report shows that a considerable source of income had been cut off when the initiation fee was raised to \$1,000 and memberships made transferable.

In their report the Directors dwelt largely upon the legal affairs of the Board, saying: "At the beginning of the year four suits against the Board by members who had been subjected to its discipline were pending in the Supreme Court of the state on appeal of the parties against whom action had been taken. Two of these had been disposed of by decisions in favor of the Board of Trade, fully confirming its power to discipline its members under its own rules. In the principal one of these the court goes so far as to decide that the courts have no jurisdiction to review the acts of the corporation in such matters.

The Directors also urged change in the inspection laws, saying that: "The protection of our own interests, as well as those of the vast grain districts tributary to Chicago, demand that vigorous measures be adopted looking to the restoration to the Board of the right to classify the grain handled in this market.

The outlook at the opening of the year was not of the brightest. Gold, January 2, went below \$1.07, carrying other prices down with it. There had been a constant downward tendency for almost a year. In March, 1876, gold was quoted at one time at \$1.15, and

the decline later had been gradual but steady. In April it was \$1.13 $\frac{7}{8}$, in May and June \$1.12 $\frac{5}{8}$, in July \$1.12 $\frac{3}{8}$, in August \$1.11 $\frac{7}{8}$, in September and October \$1.10 $\frac{1}{8}$, in November \$1.09 $\frac{7}{8}$, in December \$1.08 $\frac{1}{2}$ and in January, 1877, a fraction over \$1.06. The fall was so gradual that the variations within any one month were small, but there was at no time indication of a speculative rise. Another cause contributing to depression was the long drawn out contest over the presidency between Hayes and Tilden. In January a compromise plan for a joint commission was proposed, and this met with wide approval on the part of the many who were weary of the controversy. It was this which gave rise to the resolution offered by J. C. Dore as follows: "Resolved, That the Board of Trade of the city of Chicago, representing largely the commercial and manufacturing interests of the Northwest, and without distinction of political parties, heartily approves the report of the Joint Congressional Commission for the final determination of all questions as to the late election of Presidential electors and the counting of their votes."

The markets were fairly steady until the spring months, but about the 1st of April there was a sudden rise in prices, one of the disastrous effects of which was to cause the suspension of the firm of D. H. Lincoln & Company. Mr. Lincoln was the newly elected President of the Board of Trade, and rumors were at once set afloat that he would tender his resignation. He gave as the reason for his suspension that correspondents had failed to make good their margins, and stated that he hoped to settle his accounts by the sale of real estate. Later in the month it was announced that a settlement would be made on the basis of 25 cents on the dollar. Mr. Lincoln did not resign, but continued in the commission business on his own account, retaining his office. Early in January, 1878, he was again caught on the long side of the market, and was forced to suspend, although his liabilities did not exceed \$2,500. It was near the middle of April when the cables showed that a European war was inevitable; and the markets, especially for wheat, were excited and higher. Continued news of preparation for hostilities sent the market climbing upward. On the 24th came the formal declaration of war by Russia against Turkey, and wheat responded with a rise of 9 $\frac{1}{2}$ cents. April 25 was an exciting day on 'Change, margins were called up to \$2, the war news created intense excitement and it was a trying day for many. Wheat closed at the regular session, April 24, at \$1.66 $\frac{1}{2}$ for June and opened April 25 at \$1.75. In ten minutes seller June had gone to \$1.80, a high sale being recorded at \$1.82, but the day closed with most of the advance lost. Only two failures were recorded, but the Chicago traders were forced to admit that the winners were "outsiders" from Milwaukee and the Northwest. It was estimated that margins amounting to nearly \$1,000,000 were called for during the day. The excite-

ment and activity continued and the corn and wheat traders exchanged pits in order to accommodate the many dealing in corn. This excitement did not last long, however, and trade was soon nearer normal, although with higher price levels for wheat than early in the year. The shipping movement was aided, in May, by a marked reduction of tolls on the Erie Canal. The rate from Buffalo to New York on wheat was $6\frac{1}{4}$ cents and on corn $5\frac{1}{2}$ cents, including tolls. Corn at that time was being shipped by water from Chicago to New York for $8\frac{1}{4}$ cents per bushel. The war had little effect on prices of provisions during the next few months, and in July was recorded the first purchase of shoulders known to have been made in Chicago for the Russian army. A prosperous state of affairs was suddenly brought almost to a full stop by the great railway strike which began in the East about July 19. There were riots, with considerable loss of life, at Pittsburgh and Buffalo, and the strike rapidly spread to other cities and to other industries, until it seemed for a time that civil war was imminent. The interruption of rail shipments quickly affected the markets, and when, a few days later, the strike reached Chicago, there was great depression and almost an entire interruption of trade. Members of the Board were embarrassed also by receiving many advices of property which had been shipped to them and drawn against, while they could not touch the property, and therefore, could not, in all cases, honor the drafts. Shippers, on the other hand, had orders to forward grain which they found it impossible to fill, though some of them had already purchased the property and paid for it. It was proposed by some that the Board be closed for a few days. The full effect of the strike was felt in Chicago on the 26th. The packing industry was affected. Men who continued to work were intimidated and attacked and several were killed. Halsted Street and the vicinity of the packing houses were the scenes of bloody rioting, which lasted for many hours and which was participated in by both men and women. It seemed that the police were powerless to cope with the situation, and it was under these circumstances that President D. H. Lincoln called a special meeting of the Board to act upon resolutions previously adopted by the Board of Directors. The resolutions read: "Whereas, In the opinion of the Board of Directors, owing to the unsettled condition of the affairs of the city and the country, they deem the continued purchase and sale of property is calculated to disturb future values unjustly, and also tends to prevent members from taking part in the defense of the city; therefore, Resolved, That the Board of Directors give notice that they will refuse to enforce contracts for the future delivery of property made until further notice. Resolved, Further, That the members be requested to come to the rooms of the Board this afternoon with such arms as they can procure, and as far as possible make arrangements to remain in this room as their headquarters subject

to the call of the mayor for the defense of the city." This resolution was adopted with great cheering and the members at once left the hall to arm themselves as the resolution directed. In the afternoon there was a well attended meeting of members, nearly all of whom were armed and ready for battle. J. W. Rumsey and J. B. Dutch called for volunteers to relieve the battery company, and 29 members of the Board responded at once. They were formed in three squads for the care of as many pieces of artillery. Most of these Board of Trade volunteers had been members of Batteries A and B, or of the Board of Trade battery during the Civil War. It was expected that Messrs. Rumsey, Dutch and Tichenor would command the squads. David Dickinson took the names of 85 additional volunteers for a company for civic protection. These volunteers and other members of the Board remained at the Exchange hall, under arms, the greater part of the night, but there was no call for their services by the mayor, and they returned to their homes. While not called upon to fight to maintain law and order, the Board of Trade at least showed its loyalty, and there is no question that its prompt action had much influence in restoring peace to the city. The completeness of the tie-up in Chicago was shown by the fact that, on July 26, there was but one car of stock at the Union stock yards. In the afternoon of the following day trading was resumed, but the strike had a bad effect upon trade and industry for many weeks. After the strike the markets were comparatively steady until the last of September, when a corner was developed in September wheat. Much of this wheat was bought in the 90s and much sold as high as \$1.18. The last corner of the year of any proportions was one in November corn, when that cereal sold up as high as 50 cents and contracts were defaulted for between 900,000 and 1,000,000 bushels.

The Board of Trade labored with the many phases of the inspection problem all through the fore part of the year. In February the Board was reminded of the shortcomings of the state inspection system by a decision of the Supreme Court, which held that the bondsmen of W. F. Tompkins, former chief inspector, were not liable, in a suit brought for a restitution of fees. On the 14th of February, the Board petitioned the legislature asking for an inquiry as to the inspection of grain with a view to some modification of the law, and still later a petition was circulated against compulsory state inspection. In March the warehousemen, seeing the futility of further resistance gave public notice on 'Change that they would comply with the Warehouse law after that date. This established the state rates of 2 cents per bushel for the first thirty days, and $\frac{1}{2}$ cent per bushel for each subsequent fifteen days or part thereof. This action was owing to the decision by the Supreme Court that the law was constitutional, and this same decision also compelled the railroads to deliver grain to the warehouse to which it was con-

signed. On March 5 there was an important meeting held in the rooms of the Arbitration Committee of the Board of Trade. There were present the joint committee of the legislature, the Railroad and Warehouse Commissioners, members of the Board of Trade, and prominent railroad and business men, and the object of the meeting was to consider the whole subject of grain inspection. C. E. Culver and George M. How addressed the meeting, giving the Board of Trade's objection to the law as it stood. Marvin Hughitt of the Northwestern Railway stated that the private inspection at Milwaukee gave more satisfactory results than the state inspection at Chicago. Julian S. Rumsey told of the circulation of a petition for the removal of Inspector Parker on account of mental incapacity. A letter was read from "Diamond Joe" Reynolds, a large shipper, favoring a change and a petition of 8,000 names was presented opposing the law as it stood. On the other hand M. S. Bacon, P. W. Dater and W. T. Baker supported state inspection. A. M. Wright defended the right of the Board of Trade to decide as to the grades of grain, and a bill prepared by members of the Board of Trade embodying their wishes was presented. The Joint Committee adjourned to reconvene at Springfield. The activity for and against this legislation continued all through March; C. E. Culver and others appeared before the legislative committee favoring the bill, which proposed a reduction in warehouse rates, and William T. Baker issued a lengthy open letter warning against "the danger of allowing grain brokers to fix the grading system at Chicago." Much legislation was proposed affecting commercial interests. One bill proposed the reduction of the salaries of commissioners from \$3,500 to \$1,500 per annum, another changed the storage rate, another was directed against extortion and discrimination at stock yards, and still another proposed to abolish the doctoring of barley. The bill as proposed by the Board of Trade was rejected by the Senate by a vote of 17 to 27, and the only legislation of importance actually effected was that relative to warehouse rates. Following the passage of this law the Board, on May 23, passed a resolution modifying the rules to conform to the provisions of the new law, which fixed the maximum rates of storage in Warehouses of Class "A" at $1\frac{1}{4}$ cents per bushel for the first ten days or part thereof, and $\frac{1}{2}$ cent per bushel for each subsequent ten days or part thereof. During the year there was much dissatisfaction with the inspection of barley, it being claimed that this grain required expert knowledge and that there was wide variance in the grading done by different inspectors. For these reasons it was urged that one assistant inspector be appointed exclusively for the barley trade. This was conceded by the Warehouse Commissioners, and, on August 1, this exclusive service began, the Fulton, Gelena, Central, C. B. & Q. and Rock Island elevators being designated as the ones in which barley was to be stored. Despite all legislation to the contrary there was

constant trouble as to railroad discrimination against certain warehousemen. The Union elevator was on the railroad blacklist, and complaints were made, in February, that grain consigned to that elevator was left standing on the tracks because the Burlington Road refused to deliver it.

The provision trade also presented problems of its own. In February there was considerable agitation for the registration of provision receipts the same as grain receipts, and it was claimed that there were many abuses in the way of over-issues of certificates. One feature of the provision trade, which had grown from a small beginning to large proportions, was the shipments of fresh meats and live stock to England. Concerning this the "Tribune" of February 18 said editorially: "The extent of the trade in meats is very large, although only in its infancy. It is not a year since it was demonstrated that the newly killed animals could be delivered on the other side of the ocean in good, salable condition, yet the receipts of a single week at Liverpool, during January, included 11,270 cases of fresh meats, equal to as many sheep; 500 tons of fresh beef, equal to 1,250 beasts; 919 quarters, equal to 180 beasts, in addition to live sheep and cattle, pressed meats, hams, etc. The excellent quality of the meats has been already recognized, and a new staple added to American commerce of which Chicago is the chief beneficiary." Reference to the beginnings of this industry by small shipments to Glasgow has already been made.

In March the daily "Commercial Bulletin" of Chicago presented a review of the pork packing industry, showing that the total number of hogs killed for the year preceding from March 1, 1876, to March 1, 1877, was 2,933,486; total number packed during the summer 1,315,402, with average net weight 189.79 pounds, and the average yield of lard 29.10 pounds. The number the preceding summer was 728,781, average net weight 176.19 pounds, and yield of lard 26.77 pounds. The total winter packing was 1,618,084 head, against 1,592,065 the previous year and 1,690,348 two years before. The yield of lard during the regular season was 35.15 pounds per head. It was also stated that the facilities for summer packing had been greatly increased and that many packing houses had secured ice for summer packing, that the direct export trade had been rapidly increased, and that the low freights encouraged the industry.

The "Commercial Bulletin" continued: "Under the influence of a good demand on foreign account, and an increased speculative movement, the opening of the regular packing season found the provision market in a comparatively steady condition, with the bulk of the transactions largely for future delivery. Packers appeared to be willing to sell their product with considerable freedom, particularly meats and lard, which were the principal articles manufactured during the month of November and the last half of Decem-

ber. Prices ruled with considerable firmness, the fluctuations being slight. About the latter part of November prices receded about 25@50 cents on mess pork, $\frac{1}{8}$ @ $\frac{1}{4}$ cent on lard and about $\frac{1}{8}$ cent on the various cuts of meats. During the early part of December trading was largely increased. Under the belief that the hog crop was deficient, accompanied with the report of the destruction of pigs by disease, and the substantial increase exhibited in the export movement of product, outside parties were induced to purchase largely of product for future delivery. Prices gradually improved from day to day, and the closing figures at the end of the month showed that an advance of \$1 had been gained in mess pork, 1@ $1\frac{1}{2}$ cents on lard, and $\frac{1}{4}$ @ $\frac{3}{8}$ cent on all descriptions of meats. With the opening of the new year the market continued firm and prices further advanced during the first week in January. Packers now viewed the situation calmly and determined to make a change in their program. The demand for products on foreign account had slackened considerably, and it was evident to them that merchants abroad could not be induced to enter the market again at current prices, especially as large quantities of meats previously contracted for were en route—sufficient to meet foreign demands for some time, more especially as the stocks abroad were reported as quite large. The stock of mess pork in this market had been gradually increasing, and it was surmised that it would not stand the strain put upon it. Hogs were arriving rather sparingly, but packers purchased the better qualities, manufactured mess pork, and sold large quantities of it for future delivery. About the middle of January it became evident that the market was about forced to extreme figures; many parties who were on the long side changed front, but moved rather cautiously. Prices gradually weakened as the stocks increased, sales were unusually liberal for future delivery, even at the declining scale, and the month of January closed with a reduction sustained of 75@80 cents on mess pork, $\frac{1}{2}$ cent on lard and $\frac{1}{4}$ cent on meat. About the first of February the stocks of meats in Liverpool were reported extremely large; consignments which had been blocked up in snowdrifts in the Eastern states were arriving at their destination, and prices declined materially in that market in sympathy with the reduction submitted to here. The offerings for future delivery were quite heavy, the receipts of hogs increasing, and the quality improving, and some operators were disposed to close out their contracts and withdraw from the trade until a more settled state of affairs existed. This added to the weakness, and by the middle of February the market bordered on a panic. Margins were freely called to protect trades, and this further depressed the market, because it forced large quantities for sale on account of outside parties. So rapid was the reduction that in five weeks the shrinkages in values were about \$4@4.25 on mess pork, $1\frac{3}{4}$ @2 cents on lard, and 1@ $1\frac{1}{2}$ cents on meats. During the

latter part of the month and season, trading was not so active and prices improved a trifle, closing about \$1.50 lower on mess pork, about the same figure on lard, and $\frac{3}{8} @ \frac{1}{2}$ cent lower on meats than were current at the opening of the regular packing season."

In June so far had summer packing progressed that the packers considered making all product "regular," whether packed in summer or not. They decided to do this after September 1, 1877, if satisfactory to the Board of Trade. The Directors were not in favor of the proposition, but referred it to the Board. At a meeting of the Board July 10 the proposed rule was discussed, and on July 20, the following was adopted: "Hog products packed between the 1st of November and the 1st of March shall alone be classed as standard, and all deliveries of products cut and packed on and after Nov. 1, 1877, in accordance with the requirements of the rules of inspection adopted by the Board of Trade shall be deemed standard, and shall be deliverable on regular contracts between members of this association, but in the case of mess pork packed between March 1 and November 1, 200 pounds of green meats shall be packed in each barrel."

"Long clear sides shall not average less than 45 pounds; short clear sides shall not average less than 40 pounds, short rib sides shall not average less than 30 pounds, dry salted shoulder shall not average less than 12 pounds to be standard and regular on delivery, either loose or boxed." In October, it was stated that the leading packers were establishing agencies in Eastern states and in Europe, and this new move was said to threaten the Commission trade of Chicago.

Concerning the packing industry, the report of the Secretary, covering the year 1877, said in part: "The number of firms engaged in the business was on the decrease, the tendency being to concentration. Four firms joined their forces for the purpose of lessening the competition in the buying of hogs and the selling of the product. The united firm had a capacity for killing 24,000 hogs per day. It had one rival. About forty other firms were engaged in the business, on a smaller scale, about one third of whom bought dressed hogs, or green meats for curing, or had their hogs killed for them on commission. Two firms packed exclusively on English account, and three or four others did a mixed business in the same direction, while the leading houses referred to above established agencies at several leading cities in the Old World, at which orders were taken for direct shipment. The united packing capacity was about fifty thousand hogs per day, which would have kept more than 6,000 hands employed, if hogs enough could have been obtained to keep them fully occupied. As it was, they employed about 4,850 men, including foremen, and clerks during the four winter months, and nearly half that number during the remainder of the year. The aggregate weekly wages in cold weather was about \$48,000. Wages

were slightly reduced during the year, and were in the neighborhood of \$8.50 per week on the average.

The year was an exceedingly active one in beef. The value of the animal product was about \$6,000,000 against \$3,300,000 in 1876, and \$2,623,200 in 1875. This included packages and salt where used. The capital employed was about \$1,000,000 and the number of hands 1,200, who drew an annual wage of \$565,000, the pay ranging from \$1.25 to \$5 per day. The increase was chiefly due to an unprecedented growth of the business of compressing and canning beef, which rose from nothing about two years before to the putting up of the meat of nearly 1,000 beeves per day in the most active part of the year. Within that time the indomitable Chicago packers established a market for their goods in England, Germany, France, Austria, Italy, Denmark, Belgium, and in several cities in South America. Their products were used extensively in the South and on the Pacific Coast, and the universal favor with which the new material was received warranted the expectation of a continued expansion of business. About 200,000 beef tongues were put up during the year by one firm, most of which went to the Pacific Coast. The greater portion of the other meat was exported to foreign countries.

There were but two legal proceedings during the year which greatly affected the Board. In February, the Supreme Court decided, in the case of Corbett vs. Underwood, that margins must be kept good or the party take his own chances of being sold out; and, in December, W. N. Sturges applied to the courts to force the Board of Directors to receive his complaint against George Webster, the Directors not acknowledging Sturges' standing as a member on account of the litigation of 1874.

In April, the old dissension as to a call of grain broke out afresh; the grain men were opposed to this call, and those favoring it proposed to raise \$25,000 to open a call board. The grain men signed an agreement not to attend any other call board, and on April 14 the call of grain was abolished. Relative to the differences between members of the Board, the commercial editor of the Chicago "Tribune" said (April 19): "The 'call' difficulty is still the subject of much discussion in Board of Trade circles. The opening of the Exchange hall at half past two o'clock, instead of three, gives intense dissatisfaction to many members of the Board of Trade, and that feeling is understood to be shared by some of the Directors. The effect will probably be to still further widen the breach between the contending parties. The leader of the opposition is reported to have made large offers of grain on the sidewalk out of hours, with a view to testing the resolution of members, and is understood to be very anxious to extend the hours of trading. Meanwhile the new organization is understood to be under headway, preparing to commence business with the opening of the coming

month. It is a matter for sincere regret that there should be any division or divergence. The Board of Trade ought to be ample enough to afford scope for all the trading in produce for which there is any need. At the meeting of the Call Board yesterday afternoon the President and Board of Directors offered their resignations, which were not accepted, the malcontents joining in the negative vote. From present appearances the Board will, however, go to pieces unless a compromise be effected, as the rooms are held by the men who favor a grain call, and a good many of the members have refrained from paying their annual dues. It was thought possible that another attempt will be made to compromise on the plan of selling grain back as well as forwards, and also to call rates for changing from one month to another. There is still other talk to the effect that the 'street' commission men will join the new organization, and give it a numerical start it could not otherwise attain." By the first of May a new Call Board, of which W. N. Brainard was President, had been organized, and met in the Colehour Building on Washington street. At the first session, held on May 1, there was a fair representation of provision and grain dealers present. President Brainard delivered an inaugural address in which he spoke of the controversy with the former Call Board, and said they had avoided unruly contention by quietly withdrawing from the old association. He said that they felt that an arbitrary use of power had been made when the grain call was abolished, and invited all to join the new Board. Another development of the year was the establishment of an Open Board of Trade in the second story of 123-125 La Salle street, in the Watson building. This was said to be open to all, with trading in 1,000-bushel lots. Among the other items in the current history of the Board for the year 1877 are to be included the following: On February 14, the Board petitioned Congress to appropriate \$500,000 for the purpose of making a navigable channel between the East River and the Hudson River at New York. In April the Chicago Board was much interested in the establishment of the Board of Trade of Omaha, where many Chicago traders had large interests. The directors, in May, considered a proposition to remodel the old building in order to enlarge the trading hall. This proposition was brought before the Board, in June, and was defeated by a vote of 504 to 146, the opinion seeming to prevail that a new building would soon be necessary. In June, the city of St. John, Halifax, was consumed by fire. The Board of Trade appointed a committee consisting of William Richardson, Robert Warren, Asa Dow, H. C. Ranney and I. P. Rumsey to solicit funds for the relief of the city. Mr. Richardson, the chairman of this committee, first came to Chicago as a messenger from the city of St. John to the stricken city of Chicago, bringing with him \$10,000, subscribed by the Canadian city for the relief of Chicago in 1871, and it was thought eminently

fitting that he should head the committee for the relief of St. John. In a short time the sum of \$4,600 was subscribed by Board of Trade members. In August, the members were grieved to learn of the death, in New York, of William B. Ogden, the first mayor of Chicago and for many years its most prominent citizen. In August, much attention was given to the rules of the association, and a petition was presented asking the repeal of that part of the rule relative to corners providing for settlements, which it was claimed was too favorable to the short sellers and depressed the market. The newspapers were filled with communications for and against. The proposed amendments were balloted on and defeated by a vote of 420 to 279. Another movement, which was successful, was to secure the changing of the name "Northwestern" grade to "Hard"; the commission complied with this request and the change was made September 1. The favoritism of the Chicago, Milwaukee & St. Paul Railway for Milwaukee as against Chicago was alleged to be apparent, and a committee of the Chicago council began an investigation. It was stated that the C. M. & St. P. Ry. ordered that all grain shipped to Chicago from non-competitive points must be bagged, not shipped in bulk. In October, there were two movements for change of rules, relative to puts and calls, and to membership. In response to the first movement the Board of Directors presented the following resolution for the approval of the Board: Whereas, the purchase and sale of privileges to deliver or receive grain or provisions is prohibited by the statutes of this state, and such contracts are declared to be null and void, and are liable, if transferred, to be so declared by the courts—therefore, in order to eliminate so far as possible this mode of trading from legitimate operations of the members of this Board, be it resolved that the Board of Directors will refuse to recognize as a valid contract under the rules of the Board of Trade any contract hereafter made based upon or growing out of what are known as "puts and calls," or "privileges," and any member transferring to an innocent party a contract known by him to be based upon a privilege shall be deemed guilty of practicing fraud, and shall be liable to the penalties prescribed by fraud or bad faith." The directors also passed a resolution providing for the purchase of memberships by the Board when desired. This proposition, however, was defeated by a vote of 431 to 203. At this time an Exchange membership was quoted at \$350. In November, occurred the death of W. F. Coolbaugh, president of the Clearing House, and the Board of Trade showed its respect by adjourning at noon to attend the funeral.

The trade history of Chicago during 1877 was one of much greater interest than usual, as it was developed amid more than ordinary uncertainty. In the early part of the year the presidential question loomed up, depressing business seriously. Scarcely was this disposed of when the trump of war was sounded in Europe,

and then commenced a contest between Russia and Turkey, its intense actualities in the Old World, and little more than immense possibilities in the New, keeping the people in a state of continual suspense. As the war cloud in the Orient lifted, enabling the relative strength of the combatants to be seen, the rain-cloud formed in the West.

The produce trade of the year was a fairly active one in most departments, and on the whole compared favorably with that of former years, though the figures showed a decrease in values. Measured by volume the trade was less than that of 1876 in the aggregate, which was nearly compensated by an increase in prices chiefly in wheat and flour, that fact being partially traceable to excitement with regard to the war in the Orient. Chicago lost in the number of hogs handled, and fell behind very much in the cash proceeds, because of the persistent way in which the hogs kept marching down towards hard pan. The course of trading was somewhat less steady, as the war unsettled quotations, though less violently than might have been expected, with the exception of wheat and flour. Still there were very few failures in the trade, albeit the longs and the shorts were alternately pressed rather closely to the wall. The "corner" in its old-fashioned sense was unknown, though pork and corn once, and wheat three or four times, were in the power of the few as against the many.

Among the more noteworthy incidents of the year affecting the general trade in produce, we may note the following: the partial failure of the California wheat crop, due to drought in the early months of the year; the war excitement during the early spring, which culminated in the declaration of war by Russia, an act that was followed by a general upward movement in prices here and a series of terrible struggles on Turkish soil; the great strike which paralyzed industry in many parts of the United States during the last week of July and clogged the wheels of transportation by rail for several weeks afterwards, besides involving the destruction of large quantities of produce owned in Chicago; a change in the rates of grain storage, which invited to a more rapid and extensive handling of breadstuffs in this city; a decision by the Supreme Court of this state, affirming the validity of contracts for the future delivery of produce; a spell of two and a half months of bad weather in the autumn and winter, which very much lessened the volume of receipts, as it made the country roads impassable; and a marked falling off, in the latter part of the year, in the volume of mere speculative trading on 'Change.

The effect of the riots on the produce movement was far more than temporary. So many railroad cars were destroyed that the working capacity of the roads was lessened in the fall and great quantities of grain were held back, or sought a market elsewhere, simply because cars could not be furnished to bring it to Chicago.

But for this the produce trade would have been much larger in the last half of the year, as lake freights were kept down to so low a point that the cut-off railroads could not successfully compete with the water route during the season of navigation, though under-cutting of rates and underbilling of weights from country points were freely practiced. Another marked attraction to the grain to come to Chicago was the fact that, with the first of July, the charges for first storage in this city were reduced to $1\frac{1}{4}$ cents per bushel for ten days, instead of 2 cents for twenty days, as formerly. Ten days being sufficient for the transfer of all grain not intended to be sold here, there was a saving of $\frac{3}{4}$ cent per bushel, under the new arrangement, which, with the advantage of Chicago as a speculative market, was sufficient to make it worth while to hold large quantities here on subsequent storage. By virtue of her commanding position and her railway systems, Chicago controlled the produce trade of the West. A few years before merchants of the South and of Europe sent their orders to New York. In 1877 they were sent direct to Chicago, and filled by consignments on through bills of lading, without the aid of dealers on the seaboard.

The rates of lake freights were so low during 1876 that a reaction was deemed to be more than probable. The expectation was scarcely justified, but the market grew a little better. It opened February 10 at 4 cents on corn and declined to $1\frac{1}{2}$ cents on June 20, which was the lowest rate of the previous year. A great many vessels were chartered at $1\frac{3}{4}$ cents. The highest corn rate of the season was $5\frac{1}{2}$ cents, taken October 8, against $4\frac{1}{2}$ cents the previous year. The closing price was 4 cents.

At the close of the year wheat to Buffalo was taken at 5 cents to load immediately and go out in the spring. Freight from Buffalo to New York via Erie Canal averaged $7\frac{41}{100}$ cents for the year. The "season" of navigation might have been extended another month had vessel owners been able to foresee the extraordinary weather of November and December. The stormy spell in the first half of November induced owners of lake craft to lay up those not already in winter quarters, but after that the weather was uniformly mild almost to the close of the year.

Wheat.—The wheat market was quite excited during a considerable part of the year. Lack of stock of the old crop, and lack of confidence in the ability to judge the situation correctly on the movement of the new crop were the chief causes of lessened trading, while a radical change in the value of the yield, and anxiety with reference to the issue of the war in the East, made the market irregular, giving it a much wider range than in the three years next preceding, and prices averaged higher than in any other year since the panic of 1873.

The movement of wheat was much less in volume than that of 1876. The receipts of wheat, as reported by the Secretary of the

Board of Trade, were 14,164,515 bushels, against 16,574,058 bushels in 1876. The shipments were 14,909,160 bushels, against 14,361,950 bushels the previous year.

The course of the market was irregular, and its character more artificial than in years just previous. Early in the winter of 1876 a powerful combination took hold on the long side, the reason being not so much anticipation of war in the Old World as the belief that there was a short supply in Europe as well as the United States, which was verified by the event. In December, 1876, the market ruled strong on this account, and was further excited in January by reports of drought in California and widespread fears of a failure in the wheat crop of the Pacific Coast. The reports from that section were more reassuring in February, and towards the close of that month the bull party found that the load was too heavy. Then rumors of short crops all over the civilized world and empty store-houses at Odessa inspired renewed confidence, causing another season of strength here and in Milwaukee. During the first three months of the year the market averaged very nearly the same as the maximum of the three preceding years, and yet the war question seemed to have little decided influence on quotations. There were plenty of war rumors, but the great majority of operators professed to believe that war would probably be averted by the good offices of the Great Powers south of Russia. In April it became evident that there would be a rupture, and quotations mounted rapidly under a general rush to buy. By the time war was declared (April 24) the excitement was at fever heat, though it was known that Russian holders were marketing their wheat with such celerity as to act as a drag on the upward movement of quotations in Europe. During April the market advanced fully 50 cents per bushel.

The demoralization that ensued was long remembered on 'Change. There were few failures, but this was because the majority of operators had pursued a more conservative course than usual—knowing the greater uncertainty of the situation in wheat than in other markets. There were not wanting incidents that showed how completely even shrewd men could be carried off their mental equilibrium by the excitement. The instance was cited of an operator who had a clear profit of about \$120,000 on his deals. Instead of selling to willing buyers he doubled his hold, almost at the highest notch, and within a few hours the receding tide had swept away every cent of his profits.

The trade evened up rapidly, by settlement or otherwise, and then the market was nearly deserted for two or three weeks, as commission men generally declined to take the risk of trading for parties outside, who could not be reached on the instant. What trading was done was required to be protected by very large margins. As prices declined the wheat moved out more freely,

and stocks were worked down to a low point. Then favorable weather gave assurance of a more than average yield for the growing crop, while it was found that Great Britain was drawing more largely than usual on the other sources for her supplies, the Russian wheat finding an outlet on the Baltic. The market now became sharply bearish, and prices rapidly declined till in August wheat sold for September delivery at $91\frac{1}{4}$ cents, though the lowest price for the current month (August) was about 96 cents. But in attaining these very low figures the market was largely oversold, and a reaction came when the shorts wanted to fill. The new wheat did not come forward so freely in August as was anticipated, and the same condition obtained on the seaboard. From the 20th, which was the date of the lowest quotations, the market reacted to \$1.11 for cash wheat at the close of the month.

In September, the shorts were caught even worse. They had sold freely for that month only to find the demand greater than the supply, and wheat, which sold at $\$1.02\frac{1}{2}$ on the 4th, in the expectation of big receipts and a consequent big break, was settled at \$1.18 at the close of the month. In October the experience was repeated, the only variation being in prices, the market for that month closing at \$1.14, with a rather large shortage to be filled during the last two or three days. In November there was a continued good demand for cash wheat up to the close of navigation, which sustained quotations on futures, especially as bad weather kept down the volume of receipts. In December, the weather continued open, so that the wheat did not come forward so freely as expected, and there was a moderate export demand, as cut rates on through shipment permitted the grain to be moved at a profit. The market was very nervous the last month of the year, owing to the uncertainty with regard to the war in Europe, but tended slowly downwards till toward Christmas, when it was excited by fears of English intervention in the Turkish question, and weakened badly in the last week of the year, as peace prospects were considered more flattering, and the crop was reported to be 35,000,000 bushels larger than any previous estimate.

Corn.—The course of the corn market has been generally a steady one, outside the fluctuations due to war news. Prices averaged nearly the same as the previous year, though the range was much greater. The volume of the movement was also very large, though it showed a decrease from that of 1876. The receipts were 47,915,728 bushels against 48,668,640 bushels in 1876, and the shipments 46,361,901 bushels against 45,629,035 bushels for the year immediately preceding.

Receipts of corn in the early summer were somewhat less than they would have been but for the fears that the new corn crop would be a partial failure. It was widely believed that much of the corn was planted so late, and the planting was followed by such cool

weather, that the crop would not mature before overtaken by the frosts of autumn. This, with the probability that the supply of Danubian corn to Western Europe would fall short the coming year, on account of the interruption of agricultural operations in European Turkey, made a good many holders careless about selling, especially as the corn crop of 1876 was well adapted to storing. But the splendid weather of August and September removed all fears as to our own corn crop, and then farmers sold more freely, their deliveries being limited only by the carrying capacities of the railroads, which had been somewhat reduced by the strike. Weather conditions were poor in November so that the new corn came forward slowly, and an extensive corner engineered successfully, the market closing at 50 cents. The market was weak at the close of the year.

Oats.—The market for oats exhibited an improvement, though the movement through the city was only slightly larger in volume, and the average of prices very nearly that of the preceding year. The receipts were 13,506,773 bushels against 13,030,121 bushels in 1876, and the shipments were 12,497,612 bushels against 11,271,642 the preceding year. The chief difference was due to the superior quality of the oats of the new crop, which permitted the inspection of a much larger percentage into the higher grades than was possible with the crop next preceding. The course of the market was irregular, the range—24 cents—being three times as great as in 1876. The chief reasons for this were the Eastern war in the first half of the year, and an abundant crop, much of which was marketed in the autumn. There were no corners in oats, though cash lots commanded a rather wide premium at times. There was little temptation to run a corner in oats on the old crop, and no opportunity for doing so after the new crop began to move.

The quality of the crop of 1876 was so poor that oats were largely avoided by consumers—they substituted corn for them in feeding to a very large extent, and the export movement to Europe, which had previously been a free one, fell to zero. They were little better than husks and the English people did not want them at any price. Oats that weighed only 25-26 pounds to the measured bushel were graded as No. 2 and yet the proportion of low grades was excessive. In May the market advanced to 46 cents on the 4th of that month, which was the highest point of the year. It then declined irregularly on rather light receipts, and went down rapidly as it became known that the new crop was a large one. It touched 22 cents for the month on the 20th of August, the subsequent average being not far from 24½ cents for No. 2 with a premium of 1 cent on No. 2 white, and a discount of 3@3½ cents on rejected. The price per pound was so low, compared with wheat and corn, that it was expected there would be a liberal export movement. In this there was a disappointment. There was, however, a good demand

for American oatmeal in Europe, and the direct export of this bread-stuff from Chicago formed a new feature in the trade during the autumn. The United Kingdom also took meal from American oats which were ground in Canadian mills. The farmers marketed the new oats rather freely, but stocks were kept down to a low point, under a free shipping movement.

Rye.—The volume of rye handled exhibited a material increase over that of the preceding year, and was more than double that of 1875. The receipts were 1,728,865 bushels against 1,447,917 bushels in 1876, and the shipments were 1,553,375 bushels against 1,433,976 bushels the year preceding. The quality of the old crop was only fair, the berry scarcely filling out, while the supply was rather large. Hence the market dragged during the first three months of the year, the local trade being very small, while exporters only bought sparingly, and stocks accumulated in consequence. In April speculators took hold of the market under the war excitement, buying for future, and the price of June delivery advanced to 96 cents. The war fever soon cooled, however, and the market declined rapidly. At 65 cents exporters commenced to buy, and they had taken about all the old stock by the time the market touched 62 cents in July. About the 20th of that month then new rye began to arrive, and the good quality invited some rather heavy purchases. In the latter part of the season there was comparatively little doing in futures, as former losses made buyers wary.

Barley.—The barley market ruled more steady than had been expected in the excitement of the surroundings; the range of prices was about 50 cents. The movement was larger, the receipts being 4,990,379 bushels and the shipments 4,213,656 bushels. The market dragged badly during the first three months. The old crop was very poor in quality, and about all the good barley had been marketed by the end of 1876. The malsters avoided western grain, using Canadian barley in its stead to a very large extent. The consequence was that stocks accumulated in Chicago during the winter, being mostly held on speculation. Under a "squeeze" the quotation was run up to 85 cents at the close of April, the manipulators being helped by the war excitement. The next month prices were pretty well sustained, in sympathy with other grain, but soon the market began to drag and settled down to a nominal quotation of 50@55 cents for old No. 2 in the middle of June. At this point the market for new No. 2 for September delivery opened at about 92½ cents, but was very uncertain for several weeks, as dealers were unsettled in regard to the new inspection. After the new arrangement was made, under which all barley was to be inspected by one inspector, and certain elevators designated in which barley was to be stored, the market became more settled; but at the close of the year No. 2 barley had declined to 57 cents per bushel.

1878.

At the opening of the year 1878 there were many evidences of hard times throughout the country. There were numerous business failures at all the leading commercial centers, and, while Chicago suffered, its record was much better than that of other cities of its class. According to the figures given by Tappan, McKillop & Company, in January, 1878, the total number of Chicago business failures during 1877 was 361, with total liabilities at \$30,857,938. Among those who had met business reverses were twenty three commission merchants, with liabilities of \$454,990, and eight packers and provision dealers with liabilities of \$826,419.

At the annual election, held January 7, 1878, there were several tickets in the field, and the vote was the largest the Board had known. N. K. Fairbank was elected President, receiving a vote of 628 to 383 cast for Murry Nelson. John H. Dwight was elected Second Vice-President, and the new Directors were C. H. Adams, C. D. Hamill, W. S. Crosby, E. I. Wheeler and Thomas Heermans. N. E. Platt was elected for one year to fill the unexpired term of J. H. Hurlbut, resigned. At the annual meeting, held on January 14, the Directors gave an account of their stewardship, showing receipts of \$79,159.15, and disbursements, for ordinary expenses, \$64,944.53, and for extraordinary expenses of \$18,441.79. This latter included a donation of \$1,000 to United States soldiers, and \$15,000 expended for Chicago seven per cent certificates. The assets were given as \$176,903.59, a gain of \$9,062.43 during the year. The assessment was fixed at \$20 and the membership was 1,831. The Directors commented upon the fact that whereas the members' initiation fee was \$1,000, under the new rules memberships were actually obtained through transfer for about one-third that sum, and it was suggested that some action be taken to appreciate the value of memberships. Owing to the financial difficulty under which D. H. Lincoln, President of the Board, was then laboring, he did not preside at the annual meeting and the report of the Directors is signed by Josiah Stiles, as First Vice-President.

Prices had been steadily declining, as currency approached nearer and nearer to the gold basis, and this downward tendency was strengthened the middle of January by rumors that peace was about to be declared in Europe. This was counteracted by a sharp upturn, and it was believed, the latter part of the month, that England would surely enter the war as an enemy of Russia. The market was without particular excitement, however, until May, when a corner in No. 2 spring wheat was threatened, which for a time forced the price to \$1.05, this being 4 cents higher than the price in Milwaukee. On account of the attractive price bringing large receipt, and for other reasons, the manipulators failed

in their purpose and spot wheat fell 6 cents and then declined 2 cents more and the market closed May 31 at 98 cents.

The most sensational market feature of the year was a July corner in No. 2 spring wheat, both in Milwaukee and Chicago. The effect of this manipulation was to make the price of No. 2 spring wheat, the speculative grade, at least 10 cents higher than winter wheat, which was considered of superior quality, and usually commanded a premium. This led to a peculiar state of affairs. Under the rules mixed grades took the grade of the inferior part of the mixture. The shorts sought to take advantage of this by mixing a small quantity of spring wheat with winter wheat, and thus having the whole inspected as spring wheat and deliverable on contracts. Toward the end of the month it was noticed that a number of cars of winter wheat were coming in with a few bushels of spring wheat carelessly mixed in with the top layer of winter, so that the inspectors were obliged to grade it spring wheat, reducing its quality, but at the same time adding about \$40 to the value of each carload. The financial writers agreed that this could be utilized by the shorts to fill contracts, as it was admissible to fill a contract with a better article than the one called for. At first this trick was laid to the "countrymen," but later it was stated that a canal boat load of winter wheat (about 6,000 bushels) was withdrawn from one elevator, towed about the river for a few moments, and then some spring mixed with it, returned to the elevator and reinspected as No. 2 spring wheat, thereby increasing its value about \$600. Those in control of the market, naturally, objected to this, as it would compel them to buy a much larger quantity of wheat than they had anticipated, and strong pressure was brought upon the Directors of the Board of Trade to interpret the rules so that this mixing of grain might be stopped. On July 30 the warehousemen declined to issue "straight" receipts for the so-called No. 2 spring composed of 90 per cent red winter and about 10 per cent spring wheat, and the receipts for the mixture had written across their face in gold red letters "**special bin.**" Robert Warren & Company tendered one of these "special bin receipts" to P. D. Armour, which he declined, and the case was taken before the Board of Directors. There was a lengthy discussion, and by a bare majority it was decided that the "special bin" receipts could not be tendered as regular. This decision created much ill-feeling. It was charged that the bulls had captured the Directorate, and such men as Asa Dow, Jack Sturges, S. H. McCrea and A. M. Wright gave heated interviews to the papers on both sides of the question. McGeogh was at the head of the Milwaukee corner, and was interested in the Chicago deal. The Board of Trade had a rule that warehouses should not admit grain mixed in the city for the purpose of raising it from a lower to a higher grade, unless stored in a separate bin and a receipt issued specifically stating that it was

so stored, such receipts not to be deliverable on contracts, except by special agreement. It was under this rule that the "special bin" receipts were issued. It was argued by the shorts, however, firstly, that this wheat had not been raised from a lower to a higher grade, but the reverse; and, secondly, that having been inspected by the state as No. 2 spring, the warehousemen had no choice but to accept it as such and store it as regular, and to this the warehousemen were forced to yield. The July option went up to $2\frac{1}{2}$ cents on the 30th, and all other grains were higher. There were numerous attempts to get mixed wheat graded as No. 2 spring, and appeal was taken on five canal boat loads, but the appeal was decided by the Appeals Committee of the State Inspection Department in favor of the bulls, the report saying that: "The committee having carefully examined the grain decide that the grade should be No. 2 red winter wheat, except the wheat on top in the hatches, which is new No. 2 spring wheat, and it is understood by this committee and the inspection department that it may be separated when unloaded, and inspected out as above, being careful to take out all that is in any manner mixed, and any mixture graded as new No. 2 spring wheat." This decision, together with the ruling of the Board of Directors, ended the hopes of the bears and the corner was carried through successfully. At Milwaukee there were scenes approaching violence on 'Change, and the price was run up to \$1.30. In Chicago, P. D. Armour, with George C. Eldredge as his first assistant, manipulated the deal and the price was held at \$1.08, until news came from Milwaukee and the price was forced to \$1.10. J. H. Drake, a New York operator, was reported to have been the heaviest operator on the short side of the market. Chicago millers, who were practically out of wheat, held off until the expiration of the corner, with the hope that the usual break in prices would follow. Armour held all the spring wheat in the market, however, and, in order to keep their mills running, millers were obliged to call on him. They were forced to pay as high as \$1.08, which was practically the same as the New York price. This contest between the bulls and bears was one of the most interesting the Board had known. The shorts labored with Commissioner Bogue and Chief Grain Inspector Reynolds to issue an order in their favor, while the longs were equally insistent that the Board of Trade rule above quoted be enforced. Commissioner W. M. Smith was sent for and upon his arrival in Chicago the commission decided not to take sides, but announced that a "mixed" grade would be created later. These decisions angered the bears and they charged that railroads, elevators, Inspection Department, wealthy operators and Board of Trade officials had joined in a conspiracy to rob them. Some of the boldest pronounced the whole deal tainted with bribery and corruption. The corner was a "first page" sensation in the Chicago papers and the following pen picture of P. D. Armour is worth

preserving: "Phil Armour, the head center of the bull clique, made his appearance on the floor about his usual time, and took up a position near the provisions crowd. He is one of the most imperturbable of operators, and, as he surveyed the scene around the wheat pit, his face showed no more interest than the stolid countenance of a first-class poker player over a big jack pot, and well he might. He and his friends, both here and in Milwaukee, held all the winning cards, and knew to a point how the game would terminate. Armour once in a while took a turn through the provision crowd, and then returned to his coign of vantage, and, planting himself on a chair, watched the victims of the corner." Of the Milwaukee corner it was said that the profits would reach \$250,000, of which McGeogh's share was stated at \$100,000. It was said to be the most successful corner ever run in the Northwest. On August 6 the Arbitration Committee fixed the settlement price of July wheat at \$1.07. From 150,000 to 200,000 bushels were defaulted in Chicago, and 84,000 bushels in Milwaukee. The heaviest losers here were Lyon, Lester & Company, Robert Warren & Company, Culver & Company, J. H. Baker Company. It was thought that there would be a continuation of the deal through August, but during this month a severe epidemic of yellow fever swept the South, particularly along the Mississippi River. This had a depressing effect, and grain receipts were very heavy; in fact, grain accumulated so rapidly under the large receipts and the holding off by shippers for lower freight rates, that the warehousemen opened up old warehouses, and corn was stored in the Danville and City elevators. By the end of August it was reported that some elevators were fully two days behind in the issuance of receipts, owing to the great rush of business. This condition lasted well into the fall, and in October it was stated that there had not been a European order for No. 2 spring wheat for several weeks, winter wheat being preferred. The early October markets were depressed by the failure in Scotland of the City of Glasgow Bank, with liabilities of \$50,000,000. This bank had 125 branches, and many industrial failures followed its suspension. By the middle of October spot No. 2 spring wheat reached 77 cents, the lowest price that had been known for six years. Other cereals were low, corn being quoted at 33¾ cents and oats at 18 cents on October 16. The problem of what to do with wheat became more acute as the month advanced, and by the 31st it was said that the average price of wheat of all grades was 71 cents, making the price to the farmer about 50 cents. It was not until the middle of November that the markets took an upturn all along the line, and this was accentuated a week later by the outbreak of war between Great Britain and Afghanistan. In December began the great buying movement of which Keene, the New York speculator, was the head. He believed that wheat was destined to go much higher,

and he bought largely with the intention of holding. It was said that the clique had not less than \$5,000,000 with which to begin operations. This movement stimulated all markets, and was the chief feature of trading during the first half of 1879.

The bucket-shop was gaining a foothold in Chicago, and several mentions of this nefarious industry were made during the year. The evil had not grown to such an extent, however, that any action was taken, or perhaps thought of, by the Board of Trade. Chicago papers of January 27 contained the announcement of the "Free Board of Trade." The announcement ran: "Every man his own broker; middlemen abolished and each operator to conduct his own transactions on accurate information. Established by W. C. Lincoln, on the model of the New York 'Public Produce Exchange.' Hall just behind Board of Trade in old Toledo building. Telegraphic connections with Board of Trade. No deal over 5,000 bushels. Commission $\frac{1}{8}$ of 1 per cent." In February the "Tribune" said: "It is reported that 'Bucket Shops,' as they are called in New York, are about to be opened in Milwaukee and St. Louis. Of course the proprietors of these establishments think that no family is complete without one." In March it was stated that the Free Board of Trade, which was dubbed "The Pool Box Board," had increased its commission to $\frac{1}{4}$ of 1 per cent with 1 cent margins. W. C. Lincoln was given as the manager, and Clem Periolat, Billie Clapp, Dan Loring and Lawrence and Martin were mentioned as among the owners. It was stated that the concern had been losing money. The fact that there were few other mentions of the "Bucket Shops" during the year is proof that they were not viewed with particular alarm.

One major accomplishment of the year was the establishment of provision inspection on a much better and more reliable basis. The movement for this began early in the year and, on January 16, the Directors referred the question of new regulations to the Committee on Inspection of Provisions; and there soon developed a strong agitation for the registration of provision receipts in the same manner provided for grain receipts. By action, taken in 1877, summer packed pork had been regularized to an extent. This was not pleasing to the entire trade, and in February there developed a movement to again limit regular pork to that packed during the four winter months. In March the committee to draft new rules for the provision trade reported a system similar to that used in the produce market. This was considered at a meeting of the Board and all the amendments approved except the section to make summer regular **that** year. The amendments provided for the appointment of a committee of five on provision inspection, who should exercise supervision and act as referee in case of complaint against inspection. Also for the appointment of a chief inspector who should appoint assistants to be confirmed by the committee.

It was also provided that the Board of Directors should appoint a registrar of provisions. All deliveries of beef or hog product in store, in the absence of special agreement, to be by the delivery of registered warehouse receipts, issued from such warehouses or places only as shall have been declared regular under the rules of the Board. Deliveries to be accompanied by certificate of inspection. In April, C. H. S. Mixer was appointed as the first chief inspector and registrar of provisions. These amendments were later adopted almost unanimously. In the meantime the men interested in the flour trade also met and asked that a grade for flour be established, and a plan adopted by which flour, chiefly that intended for export, be officially graded. The Board seemed to be in the frame of mind for amendments and a petition was circulated for the repeal of the rule for the prevention of corners. This was referred to the Directors, and in the latter part of March an amendment was proposed the practical effect of which would have been the abrogation of the anti-corner rule.

This proposed amendment created a vast amount of discussion, but when put to a vote in April it was rejected. Again in June there was further agitation for the repeal of the rule against corners and again in July the proposition was defeated by ballot. In October the Directors took action looking toward the suppression of trading in puts and calls. They also announced their intention of enforcing the rule against dealing in futures before 9:30 a. m. and after 3:30 p. m. In December by a vote of 551 to 111 a new commission scale was adopted. The new rates were, for selling, per bushel: Carload lots, wheat, corn, rye and barley, 1 cent; carload lots, oats (in store), $\frac{1}{2}$ cent; canal boat loads, of grain, $\frac{1}{2}$ cent; car lots barley, on track or delivered $1\frac{1}{2}$ cents; car lots wheat, corn, oats and rye, on track or on board cars, 1 cent; seeds, any quantity, 2 per cent; dressed hogs, car lots, $1\frac{1}{2}$ per cent; dressed hogs, less than car lots, not to exceed $2\frac{1}{2}$ per cent; bran, shorts, millfeed and meal, per car, in bulk, \$5; broom corn, $\frac{1}{4}$ cent per bushel.

A penalty was provided for overcharging or undercharging, allowing a drawback or rebate, or in any way evading the spirit or intent of the rule.

In the courts the Board of Trade was engaged in a running fight throughout the year with the indomitable Jack Sturges. The persistent struggle which he had made to prevent his expulsion has already been told. In January, 1878, following a decision of the Supreme Court sustaining the Board, the formal announcement of the expulsion of W. N. Sturges was made. By the end of the month, however, a petition for his reinstatement was circulated on 'Change and received a large number of signatures. As a remonstrance to this petition a meeting of Sturges' creditors was held in the Directors' room, and the committee presented a lengthy report, which was adopted, objecting to his reinstatement. Sturges imme-

diately replied, giving his side of the case, and placing the blame of his failure upon others. In May, Mr. Sturges filed a petition for a writ of mandamus to compel the Directors to restore him, and cited in his own behalf that the petition for his reinstatement had been signed by 750 members. At a hearing, in June, Sturges secured the writ prayed for, the court saying that the Board of Trade had the right to discipline, but in this case had acted without due deliberation and in an irregular manner. The Board immediately filed a motion for a new trial. This was heard later in June and overruled by the Court. The Board served notice of an appeal, but Sturges secured an injunction restraining the Board from depriving him of the rights of membership, and he also sued the Board for \$200,000 damages. Having secured the injunction he appeared on 'Change, where he was warmly welcomed by those friendly to him. The next move was on the part of the Directors, and, in August, they secured an order of the court dissolving the injunction, and Sturges was again out of the Board. His reply was the immediate securing of a writ of supersedeas from Judge Dickey, which reinstated him as a member of the Board pending the appeal. It was reported at that time that Sturges had spent not less than \$50,000 for attorneys' fees in his single-handed fight for reinstatement on the Board of Trade. Later in the year Sturges again showed his litigious spirit by bringing suit against Munger, Wheeler & Company for overcharges at their elevator after 1872. He also brought a similar suit against Armour, Dole & Company. These suits were based upon the failure of the warehouses to comply with the law of 1872, which was later declared constitutional, and Mr. Sturges sued for the difference between the rates allowed by law and those charged by the warehouses. It was predicted that no less than fifty similar suits would be brought. Other litigation during the year in which the Board was interested was the case of Bailey, a grain buyer at Baileyville, Illinois, versus Bensley, in which the rules of the Board of Trade were upheld. Bailey claimed that the receipts issued upon the storing of his grain were his property, and that when he directed certain grain held until he ordered its sale it was their duty to retain the identical warehouse receipts issued for that grain. Bensley maintained that the grain lost its identity and that it was his business only to have on hand receipts in sufficient quantity to represent the grain in his hands unsold. The stand taken by Bensley was sustained by the court.

The great occasion of the year was when President Rutherford B. Hayes paid a visit to the Exchange on September 13. He was waited on and escorted to the Board of Trade by a committee of ex-Presidents, consisting of George M. How, George Armour, C. E. Culver, John L. Hancock, Hiram Wheeler, W. M. Egan and J. W. Preston. There were at least 3,000 people crowded into the hall and President N. K. Fairbank introduced President Hayes, who made a

brief but important speech, dwelling chiefly upon the act for the resumption of specie payments and advising that no further legislation be attempted until the law, which was to go into effect January 1, 1879, had been given a fair trial. General Myers, the head of the United States Weather Bureau, was in the Presidential party and spoke briefly, saying that the first authorized prediction relative to the weather in the United States was made at Chicago in 1870. In December, 1878, the first Fat Stock Show ever held on this continent opened its doors at the Exposition Building in Chicago, under the direction of the State Board of Agriculture, and this served to add to the prestige of Chicago as a live stock market.

In December, a strike of not over two hundred men at the stock yards completely tied up the Chicago Packing Provision Company and the Murphey and Higgins plants. While this strike was of short duration, it crippled the industry seriously for a time, throwing several thousand men out of employment. As has been stated, the feature of the December market was the opening of the Keene wheat deal. This restricted local speculation, as the operators did not wish to put out a line of shorts, neither were they inclined to follow the lead of the Keene party. Perhaps the history of the year might well be closed with a few verses from a poem on "The Wheat Deal," published in the "Tribune" of December 7:

JIM KEENE'S SONG OF THE WHEAT.

I.

With mind distracted and worn,
With eyelids heavy and red,
Jim Keene lay in canopied state,
Rolling and tossing in bed.
Reporters, and brokers, and bears,
Shunning nor wishing to meet,
An groaning in awful nightmares,
He sang this "Song of the Wheat."

II.

Wheat Wheat! Wheat!
I wish I'd stood aloof,
And Wheat! Wheat! Wheat!
Till it's piled up to the roof.
It's O! to be a tramp,
And round free lunches lurk.
Where cornering wheat and samp
Is called unchristian work.

III.

Wheat Wheat! Wheat!
Till in it I fairly swim.
Wheat Wheat! Wheat!
The D—I take Rumsey and Jim.
Number one, two and three—
Number three, two and one,
Till over five millions I've bought,
And they tell me I've only begun.

IV.

With mind distracted and worn,
With eyelids heavy and red,
Jim Keene lay in canopied state,
Rolling and tossing in bed.
Checks! Checks! Checks!
On every bank in the street,
And still with a voice of dolorous pitch,
Would that its tones could reach the rich,
Hutch, and Dow, and Kent, and sich,
He sang this Song of the Wheat.

The produce trade of 1878 was unusually active, the volume of receipts and shipments being far greater than in any former year. For the first time Chicago passed—and left far behind—the mark of 100,000,000 bushels, which had hitherto seemed to be the limit to its cereal-receiving ability, as it was long thought to be the limit of British deficiency in wheat and flour. Chicago handled a larger number of hogs than had been killed in any one year in the whole West up to a very recent date. Trade in lumber, seeds and other articles made a big stride forward. Indeed Chicago gained, and largely gained, in almost everything on the list.

The trade in hog products was relatively steady and less active, the speculative branch of the trade exhibiting a further decline, and the purchases on 'Change for shipment were smaller than in former years. Early in the year there was a good demand at fair prices for shipment to consumers, and this continued till after the end of the regular packing season. In May prices declined heavily, touching \$7.50 on pork and 6¾ cents on lard, and about 4½ cents on loose short ribs. Stocks were accumulating rapidly under continued large receipts of hogs, and it became evident that there would be an unexampled summer production, which made the leading packers offer stuff at very low prices for future delivery to stimulate consumption. From this point there was a reaction, the market advancing in August to \$11 on pork, \$7.80 on lard and \$6.85 on short ribs. Prices again declined, partly because the yellow fever stopped trade in the South, and then ruled steadier into December, when there was a temporary flurry caused by the strike at the packing houses. The market again turned down, pork dropping steadily 10 cents per day for several days in the last half of the month.

The wheat market was active nearly all through the year, both speculatively and in the way of forwarding from the producer to the consumer. Chicago had handled more wheat than in any previous year of its history, even exceeding 1874, when receipts aggregated 29,764,622 bushels. Receipts in 1878 were 29,713,577 bushels, against 14,164,515 bushels in 1877; and the shipments 24,211,739 bushels, against 14,909,160 bushels in 1877, the increase being largely due to an unusual influx of winter wheat.

The course of the market was more uniform, prices fluctuating less widely, while they also averaged lower than in any previous

year since the panic of 1873. It was said that wheat never sold so low in this market as in 1878, but it sold at 55@58 cents in 1861 and very much lower some years before. Prices, however, ruled very low and this in spite of the fact that there was a big war cloud early, and a smaller one in the autumn, while speculation kept the market for No. 2 above a shipping basis during a considerable part of the year. There was a big foreign demand, but at low prices.

The crop of 1877 was a large one, but it was preceded by one below the average, and stocks had been worked down to an unusually low point all over the civilized world, when the new wheat of 1877 came on the market. Hence there were a good many holes to be filled before the trade had attained a normal condition, and the demand all through the winter was unusually good, the Russian supply having been also interfered with by the war in the Old World. The Eastern question was far from being settled at the opening of the calendar year, and many people were afraid that all Europe would be in a blaze in the spring. This induced a large foreign demand early, and prices were sustained by this fact and by low freights, which enabled the property to be laid down cheaply on the seaboard. There were also some fears for the safety of the coming crop of winter wheat, the winter having been an open one, with cold weather in March, but increasing prospects of peace retarded the forward movement. A prominent firm undertook to corner the market in March, but concluded to retire, and closed up the deal by the 25th, making a fair profit. In April there was a big speculative demand when it was rumored that trouble would probably ensue between Great Britain and Russia. The news that England had called out her reserves caused an advance to \$1.14 on the 27th of April, which was the top point of the year.

The market declined after that date and tended downwards during the remainder of the year, except during a few special spurts of speculative confidence, which were of short duration, though a great deal of capital was under wheat on several occasions.

The wires were laid, in April, for another corner in May, but the deal was run on the March tactics. The cornering party became satisfied about the middle of the month that it would not be wise to "continue to the bitter end," and discomfited a great many who had proposed to take advantage of a squeeze at the close of the month. On Memorial Day (the 30th) the party controlling the deal ran the market up from \$1.06 to \$1.10 and adroitly stepped out. The next morning the deal fell all to pieces, the market declining from \$1.06 to 98 cents, and leaving about 300,000 bushels on the hands of men who had expected to sell it at a big profit. The market was weakened in the latter part of this month by immense receipts, 2,524 carloads and 43,400 bushels of all kinds of grain

being inspected into store Monday, the 27th. These results caused exporters to hold off and they took very little during the last twenty days of May.

The next month the foundation was laid for the big event of the year in the speculative departments of the wheat market—the Armour corner of July—already described. About three local firms commenced buying in June, both here and in Milwaukee. It was believed that a great deal of the wheat was bought for export, and that large purchases were made by the same parties in the winter-wheat districts. About the 22nd of July the Chicago shorts first began to see that they were hopelessly cornered, and from that time till the date of the solar eclipse (the 29th) the excitement grew apace. The rules of the Board of Trade for the prevention of corners were of use in preventing prices from being rushed up to a cut-throat point. The market reached \$1.10 on the last day, and the settling price was established at \$1.08, at which figure the longs made a big profit.

The corner was helped by the July blight on the spring wheat crop, which was nearly destroyed in some sections by the extremely hot weather. This made holders unwilling to send in what little they held, some of them fearing they might want the seed.

After July the market declined heavily. The signing of the treaty of peace at Berlin, and the prospect of an abundant yield of winter wheat, destroyed confidence in the future of prices, and the shorts sold the market down with a vengeance, forcing it to 89 cents on the 27th of August, though the wheat sold (No. 2 spring) came in very slowly. The farmers in the spring wheat regions saw a partial failure all around them, and did not readily believe the cry of a big winter wheat crop. Hence they were unwilling to sell at the low prices then current, while the winter wheat poured into all interior receiving points in unusual volume, and gave Chicago her first experience in handling winter wheat on a large scale. Then ensued the well-known "mixing" excitement, some short sellers seeking to fill their contracts with winter wheat spoiled for milling purposes by mixing with the other. The winter wheat was taken very freely for shipment, to the neglect of spring, and when the movement in that began to slacken, shippers confined themselves to the lower grades of spring, leaving the No. 2 to be piled up in store, and carried against contracts. The No. 3 sold 10@14 cents per bushel below the No. 2, while the actual difference in value for milling purposes was understood to be not more than 5@6 cents. At the close of navigation there were 3,411,371 bushels of the No. 2 in store in Chicago (Milwaukee had 903,858 bushels), scarcely 250,000 bushels of that grade having been shipped out during the two months preceding, and that mostly in the latter part of November. The stock increased rapidly in December under continued large receipts, with a small shipping movement, and at the close

of the year Chicago elevators held more than five and a half million bushels of wheat, most of which was No. 2 spring.

The movement of corn was unprecedentedly large, exceeding even that of 1876, which was much greater than any in the previous history of the trade. The receipts of 1878 were 63,651,518 bushels, against 47,915,728 bushels in 1877; and the shipments were 59,944,200 bushels, against 46,361,901 bushels the previous year. The course of the market was more steady than usual—much of the time steadily downward—the range and the average of prices being alike low.

During the first three months of the year the trading in futures was chiefly for May delivery. There was a very large demand for that month at current quotations. This demand was increased by a hardening in rail freights in the latter part of the winter, which checked land shipment and enabled lake carriers to effect some improvement in rates at the opening of navigation.

In the summer the foreign and European demand was steadily good, European buyers found that there was no danger of being overwhelmed by Danubian corn, which some had feared would be the case when peace was made. On the contrary, they discovered that they must look across the Atlantic for nearly their whole supply, and so their orders came thick and fast to Chicago. All through May, June and July and the first half of August the large arrivals of corn were taken so eagerly by shippers that in each of these months cash corn commanded a premium over futures. After the middle of August, the shipping demand slackened materially, as it began to be understood that the growing crop would give a magnificent yield, and buyers held back for lower prices. Stocks then accumulated very rapidly, running up to 4,000,000 bushels in September, with a corresponding decline in quotations.

In November, a threatened raise in rail freights produced a better shipping demand for corn to put in transit for the East, and there was some inquiry for loading vessels to lie in the harbor during winter. It was wished to secure the old grain, the keeping qualities of which could be depended upon, before it became mixed with arrivals from the new crop of 1878.

Meantime the new corn began to arrive very freely and in unusually good condition, and speculative buyers shrank back in fear of being overwhelmed by it during the winter. The result was a drop to lower prices than had been experienced since the break following the panic of 1873, and dipping far down towards the bottom figures of 1861, when mixed corn sold in this market (September) at 19 cents.

The movement of oats through the city exhibited a big increase. The receipts were 18,839,297 bushels, against 13,506,773 bushels in 1877, and the shipments 16,464,513 bushels, against 12,497,612

bushels the previous year. The money realized from the sale was, however, less, even when reckoned on a gold basis. The market also ruled much steadier. The range on No. 2 mixed was only about $9\frac{1}{2}$ cents, and the highest price of the year was much below the average price of 1877. The oat crop of 1877 was probably the best, both in quantity and quality, ever raised in the United States up to that time. Many of them weighed $34@35$ pounds to the measured bushel, which made them very attractive to European buyers, and they took hold of them freely, while the low prices stimulated an enormous domestic consumption. The demand was so good that there was no accumulation at any time, though holders marketed them so freely that an unusually large yield was about all forwarded before August. The oats were consumed as fast as sold. The new crop was very large, in bushels, but the weight showed a considerable falling off, the average being $31\frac{1}{2}@32$ pounds. The course of the market was steady, as stated above. The forward movement of the preceding winter was a free one, as continued undercutting by the railroad invited shippers to operate. Later freights ruled low and shippers made fair profits on a large trade. There was not, however, much speculation in oats during the year. Indeed, there had been little, with the exception of the Indiana spurt in 1874, since the oat deal was demoralized by the Chandler corner of July, 1872. For this reason there were few fluctuations, except those incident to the excitement of war, and that was powerless to elevate prices in the early part of the year in the face of a large supply. The market touched $27\frac{1}{4}$ cents in April, $27\frac{1}{2}$ cents in July, when it sympathized with wheat, and declined to 18 cents in October, reacting to 21 cents in November, and ranging about $19\frac{3}{4}@20$ cents in the last month of the year.

The market for rye was reasonably steady, but very low, owing to receipts which were fully 500,000 bushels more than wanted by the trade. The volume handled exhibited a further marked increase. The receipts were 2,490,615 bushels and the shipments 2,025,654 bushels, against 1,728,865 bushels received, and 1,553,375 bushels shipped in 1877. The old crop was pretty well cleaned up by the last of June, and new confidence was exhibited in the article on that account, though a large yield was expected. Trading in the new rye opened in July at about 46, and some 135,000 bushels were sold for future delivery. The succeeding hot weather blighted the crop in places and threw it back two or three weeks, so that arrivals were later than usual. This caused an advance to 60 cents here, and large speculative transactions at corresponding figures in New York. Receipts of rye continued, however, in such volume as to cause another decline, the market going down to $41\frac{1}{2}$ cents in October, as above noted. The break attracted buyers afresh, and there was a liberal shipping movement, rye going out freely by rail at about $44\frac{1}{2}$ cents after the close of navigation. A great deal

of rye went to Europe, but only three cargoes were taken by Canada, which was much less than usual.

The barley market was not subject to the violent fluctuations witnessed in some former years, though the range of prices was greater than in 1877 or in 1876. The excitement was, however, confined to the two months of July and August, outside of which the range was comparatively small. The receipts were 5,754,059 bushels and the shipments 3,520,983 bushels, against 4,990,379 bushels received and 4,213,656 bushels shipped in 1877. The volume handled was greater than in 1872, when the receipts were 5,251,750 bushels, the greatest quantity recorded for any former calendar year.

The market opened low, being depressed by the fact of large stocks here and at other points, though the quantity in this city at the close of 1877 was not so great as a year previous. There was but a limited demand for graded barley, even at the low price of 44@58 cents, which was the range of the first three months. In April the market for No. 2 declined to 41½ cents, and then the speculative element took hold, being encouraged to invest by reports that a diminished acreage had been sown. There was, however, no excitement during the next three months, the market ruling relatively steady. In July the excessively high temperature incited fears that the yield on the smaller breadth sown would be still further reduced by unfavorable harvest weather. This developed a large speculative movement in the new crop, and the market ran up to \$1.20½ in August for September delivery by the rush of the "shorts" to fill contracts. The "fancy" figures ruling in the West induced some of the eastern malsters and brewers to send to Germany for supplies, and considerable quantities were imported from that country at \$1.39@1.40 per bushel delivered from the ship in New York harbor. Canada barley also advanced to a rather high figure in the eastern markets, a good deal going into New York state. This fact, of a good demand by eastern men, caused local malsters to invest to a rather large extent, and then began the downward movement in quotations. Barley was sent forward very freely by growers, and all the more freely as it was the only grain that commanded anything like "fair" prices as gauged by the market range of previous years. Buyers kept on taking it till the case seemed hopeless, the market declining in spite of the efforts of the longs to stop it. Later the consumptive demand was chiefly of the hand-to-mouth character.

There was a continued and material growth in the live stock trade. In comparison with 1877, the figures show a very considerable increase in the receipts of cattle, hogs, sheep and horses, while the aggregate arrivals were larger by 2,365,322 head than for any previous year in the history of the trade. The increase in numbers was sufficiently marked to more than offset the general—and in

the case of cattle and hogs severe—decline in prices, the value of all the live stock received at the Union Stock Yards being \$106,-101,879, or more than \$9,000,000 in excess of 1877.

The course of prices for live cattle during the greater part of the season was downward. The year opened at \$3.50@5.50 for common to fancy grades and closed at \$2.50@5 for the same descriptions. The average decline, however, was not so great as the above figures would indicate, being from 50@65 cents per 100 pounds. There were more poor cattle and also a larger percentage of extra grades than for the previous season, and of course a correspondingly smaller proportion of medium to good qualities. For the former class there was an almost continuously good export demand, and values were subjected to few and but slight fluctuations. It was believed that the foreign European demand made a difference in the price of choice and extra beeves of at least \$1 per 100 pounds. The receipts showed an increase of 49,917 head, amounting to 1,083,068, against 1,033,151 for 1877. The number had been equaled but once before. That was in 1876, when the receipts reached 1,096,745 head. Of the year's increase about one-third must be credited to what was known as "western cattle." The increase in the arrivals of that class was some 10,000 head, but in quality they were slightly inferior to those offered during the previous season. The reverse was true of Texas cattle, the receipts showing a decline, while the quality was much improved.

Hogs.—The increase in receipts of live hogs was large beyond all precedent. The figures were for 1878, 6,339,654, and for 1877, 4,025,970, a difference of 2,313,684. The total shipments of live hogs were 1,266,906, an increase over 1877 of 315,685. The year opened on a weak and declining market, and, excepting a comparatively brief period during the summer, that was the condition throughout the year. The first week in January, prices stood at \$4@4.35, with \$4.15 an average. From that time until the latter part of May the course of prices was uninterruptedly downward. The last week in May found the market at \$3@3.40, with \$3.15 an average—a decline of just \$1 per 100 pounds. From the beginning of June till the close of August the market gradually worked upward, until \$4.15@4.75 was reached. Then the downward tide again set in, and it continued to the end of the year, \$2.65@2.95 being the closing figures. The average weight for the year was 246 pounds.

It was during these years that the export trade in cattle and meats began to be developed. The first direct shipments of fresh meats from Chicago to Great Britain were made in 1874 in a small way. In 1875 the shipments were considerable, but this branch of the trade was still in an experimental stage. By 1876 it had been proved that these shipments could be made with profit and the business increased largely. Only the choicest beeves were shipped, and these were transported in vessels provided with special

equipment consisting of refrigerators forty feet long, twenty-eight feet wide and nine feet high, in which the carcasses were placed. At one side was an ice box containing forty tons of ice. A blower, run by a steam engine, directed a current of cold air from the ice box to the meats. After landing in Liverpool the meats were taken to London in special cars, each quarter being wrapped in cotton to prevent dirt. In this way they were delivered in excellent condition. Still, the dressed beef trade of 1875 was largely domestic trade, three establishments with a capacity of 3,500 head per week, shipping to the river towns of New York and the manufacturing districts of New England during the winter months. In 1876 the beef exports were 19,990,895 pounds and in 1877 they had increased to 86,132,730 pounds, in addition to which 17,200 head of live cattle were exported and nearly two million pounds of mutton. The foreign trade of Chicago packers was considerably more in 1878, although in the early months of the year the business was greatly handicapped by the general fear of contagion, which led the British government to issue the first of the decrees against the importation of American cattle and meats, which so injured the trade during later years. Under this decree foreign animals were to be landed only at a special part of the port, to be under the regulation of the Commissioner of Customs and not to be removed from the wharf alive. It was believed in Chicago, however, that these restrictions would not injure the trade as a whole, for it was argued that meat prices would be enhanced, thus stimulating the shipments of fresh meats. Prior to 1878 only the choicest beeves had been exported, but in this year the experiment was made of shipping range cattle from Colorado and Texas, but the results were not considered satisfactory.

Seeds.—The increased receipts of flaxseed made up all of the 10 per cent gain in seeds made over the year preceding, the flaxseed receipts being 85,627,370 pounds and that of other seeds being 48,333,521. Nearly 3,000,000 pounds of flaxseed were exported direct from Chicago to Europe. During the fore part of the year prices on flaxseed ruled much lower than during the same months in 1877, averaging 30 cents per bushel less. The new crop averaged 3 cents lower than in 1877, although the lowest price for 1878, \$1.15@1.20, was recorded in December. The high price was \$1.45, paid during March and April. Shipments of flaxseed amounted to 54,902,310 pounds. The shipments of other seed amounted to 40,538,960 pounds. Timothy ranged from \$1.40 in March to \$1.01 in November, and clover from \$5.05 in March to \$3.50 in December.

Flour.—Mention is made in the Secretary's report for the first time that "considerable quantities of flour have been received in sacks." The establishment of grades had not produced marked results, although much was expected from the fixing of the grades of "extra" and "superfine" to correspond with those of the New

York market. City manufacture of flour increased and for the first time there was noted the great increase in the manufacture of oatmeal and cornmeal, largely for export. Receipts of flour were 3,030,562 barrels and shipments 2,779,640 barrels. The price range on medium to choice white winter flour was from \$6@7 per barrel in January to \$4.25@5 during the latter months of the year.

Lumber.—Receipts of lumber were the largest of any year up to that time with the exception of 1872, and shingle receipts were the largest known. The general lumber trade was satisfactory, and conducted with a profit. Receipts were 1,180,586,150 feet and shipments 626,735,118 feet.

Transportation.—Freight rates ruled low in 1878, and were not subject to wide fluctuations. Attempts to maintain rates were not entirely successful, and Chicago complained of discriminations, which injured its trade. The Secretary laid much stress upon the necessity of improving water routes and the extension of the canal directly west to the Mississippi River. All rail freights on grain, per 100 pounds to New York, ranged from 40 cents in January to 20 cents from May to August. Lake and rail rates on wheat, per bushel to New York, were as low as 7½ cents in July, and as high as 14½ cents after the middle of September. Lake freights on wheat per bushel touched 1¾ cents in midsummer, rising gradually to 6½ cents in November.

1879

The great outstanding event of importance to American business interests at the beginning of 1879 was the resumption of specie payments. It was an act which had been opposed strongly, the immediate effect of which was problematical and which was feared by many. The wisdom of placing the actual operation of the law far in advance of its passage was seen in the gradual adjustment of values which had taken place. It had been noted that, for the years prior to resumption, gold and currency had approached, nearer and nearer, in value, and when the law took effect, January 1, 1879, they were so near par that there was practically no disturbance in financial or business circles. As there had been no panic and no catastrophe the business world had been inspired with new confidence, not only in the currency, but in itself. With this firm basis America began an era of prosperity which lasted, with but minor checks, for the next fourteen years. The Chicago Board of Trade, as the very heart and center of the great and growing West, enjoyed its full share of this prosperity, and contributed its full share to the advancement of the times.

It was a sign of the vitality of the Association that the election of 1879 was the signal for a vigorous contest. The regular ticket was headed by Willaim Dickinson as the candidate for President, while Asa Dow was the candidate of the "Reform" party. In

a small way there was all the excitement of a political campaign, with heated arguments, contributions to the Chicago papers and circulars distributed among the members. The Reform party claimed that the affairs of the Association had been mismanaged, that there was a ring in control, that the assets were to some extent paper assets and that Secretary Randolph was too dictatorial and should be deposed. In reality the fight centered on the continuance of Mr. Randolph in office, and all his enemies rallied to the Dow standard. There was also a warm contest between H. W. Rogers and R. W. Dunham for the Second Vice-Presidency. At the election, out of a membership of 1,832, 1,113 votes were polled, this being the largest vote the Board had ever known. The vote for President was: Dow, 647, and Dickinson, 463; for Second Vice-President, Rogers, 574; Dunham, 504. The Dow faction was jubilant and took no pains to conceal its joy over the supposed defeat of Randolph. A. C. Thomas, T. T. Gurney and Chas. Stiles were all proposed for the Secretaryship. B. P. Hutchinson, W. N. Sturges and Chas. Stiles were among the leaders of the Dow faction. At the annual meeting the successful candidate was greeted with boisterous cheers and shouts of triumph on the part of his supporters. It was found, however, that the enemies of Mr. Randolph had counted without their host, for while Dow was elected, the majority of the Directors favored the retention of Randolph.

The report of the Directors for the preceding year showed the finances not in as good condition as in former years. Beginning the year 1878 with assets of \$176,903, the year was closed with assets of \$173,912. The receipts had been \$68,788 and the expenditures \$71,056. The cash on hand was reduced to \$440. The Directors blamed the deficit in revenue largely upon the decreased payments for the various forms of tickets of admission to the Exchange rooms, but did not see fit to raise the annual assessment, which remained at \$20. The necessity for economy was admitted, and in line with this a Committee on Retrenchment, to be named by the President, was authorized. Speaking of the work of the preceding year in regard to changes of rules, the Directors said in their report:

"In the early part of the past year your Board of Directors, in accordance, as they believed, with the general wish of those engaged in the provision trade, affected a reorganization of the inspection of provisions, by consolidating under one head the whole official inspection of the immense amount of provisions handled in this market; and, later, established a system for the registration of all warehouse receipts for provisions delivered on contract by the members of this Association. The adoption of these measures is believed to have given a high degree of satisfaction to all engaged in buying, selling or advancing upon provisions, imparting as they do a confidence in the paper representatives of provisions held in

store that was not attainable under the former mode of conducting the business. The system of registration, which it was deemed proper should be free of charge to the issuers or holders of warehouse receipts, necessarily entails some expense on the Board, but it is believed this will be cheerfully borne by the members, in view of the resulting advantages. The fees for the inspection of provisions have been voluntarily reduced by the chief inspector, the reduction probably amounting to much more than the expense incurred by the establishment of the system of registration.

"In obedience to a general desire on the part of those engaged in the flour trade, a system of inspecting flour by grade has also been established within the past year, and is now in successful operation. While it is probable that in most instances dealers in flour will still prefer the inspection by sample of the bulk of the flour sold in this market, yet it is believed a considerable and growing demand will arise for inspection by grade, especially on lots designed for export."

At the meeting of the Directors on the 14th of January, Charles Randolph was re-elected Secretary and the minor officers of the Board were also re-elected. C. J. Blair was elected Treasurer. It was immediately following this meeting that agitation began for the limiting of clerks' tickets. It was argued that the many clerks overcrowded 'Change and that they had taken to themselves all the privileges of membership, trading in their own and others' behalf. The matter was brought before the Board the latter part of January, and on the suggestion of Mr. Bensley it was proposed to admit clerks as messengers, but to prohibit them as traders. As finally enacted the rule as to clerks, which went into effect February 17, allowed each firm one clerk, to act as messenger, upon the payment of an annual fee of \$10, and messengers were to wear badges and not to be permitted to trade. Two rooms were set aside for settling clerks. The clerks held a burlesque indignation meeting on the day of their banishment, but the rule worked well, for many of the clerks became members, and the "Tribune" of February 14 said that memberships had doubled in value since the passage of the rule.

A matter which engaged the attention of Board members, and of the entire business interests of northern Illinois, was the alleged discriminations by which, it was charged, the railroads were trying to put the canal out of business. Numerous conventions were held at various points, and strong, but futile, resolutions adopted. The Board took no formal action on this subject, but many of its prominent members were participants in the movement.

In February, the Directors met to discuss the admission of Lorin G. Pratt, attorney for W. N. Sturges, who had applied for membership. There was no personal objection to Mr. Pratt, but it was urged that the Sturges litigation was pending before the Supreme Court and that the Board's case would be weakened by the admission of his attorney. A majority of the Membership Com-

mittee reported adversely to Mr. Pratt and this action was approved by the Directors.

For nearly a year there had been desultory talk concerning the necessity for a new building, and it has been seen that a motion to remodel was voted down, with the idea of a new building in mind. The project took definite form in February, 1879, however, when a proposal was made to the Board by Mr. W. L. Scott, the owner of lots thought to be the most available. He proposed the vacation of LaSalle street and the widening of Pacific and Sherman avenues and the erection of a building there. The plan was considered favorably by many members, the chief objections urged being the difficulty of securing the desired vacation and the long-time lease held on the Chamber of Commerce building. The seed was sown at this time, however, which led to the erection of the building somewhat later.

It was not until June that the Committee on Retrenchment made its report. T. T. Gurney, Clinton Briggs, J. H. Drake, S. D. Foss and W. H. Goodenow were the members, and they had employed E. R. Wheelock as an expert accountant to examine the books of the Board. Their report recommended numerous changes in bookkeeping and urged reductions in expenses amounting to \$505 per month. Among these economies was to be the reduction of the Secretary's salary, from \$500 to \$400 per month. The report credited Mr. Randolph with perfect honesty as to his accounts, but criticised him severely for alleged discourtesy to Mr. Wheelock and for saying that the accountant was engaged to do the "dirty work" for the committee. This was resented as a reflection upon the committee itself, which claimed it was but doing the work for which it had been appointed. The committee found the terms of the lease of the Chamber of Commerce building to be extravagant and suggested that legal advice be obtained as to its validity; it was also urged that the Board should not pay the expense of elevator service, and it was recommended that future meetings of the Directors be open to members. This report was referred to a committee of Directors, who made short work of most of its recommendations. No changes in bookkeeping were advised. It was stated that salaries for the year had been fixed and could not be taken up at that time and the matter was referred to the Directors to act upon when the proper time came, and closed sessions of the Board of Directors were favored. The only recommendation of the committee reported favorably was that concerning the necessity for enlarged quarters and as to the validity of the lease.

The inspection question was one which, in those days, the Board "had always with it." In January the statement was made that the number of inspection appeals was increasing to such an extent as to be a detriment to trade. Of the 1,070 appeals taken in 1878, two-thirds were within the last five months of the year, and

it was urged that the law regarding fees be changed so as to discourage appeals. In February the House Warehouse Committee of the legislature had under consideration a bill for the return of the inspection service to the control of the Board of Trade. Representative Mason had the bill in charge, but, as formerly, the Board was divided, the large shippers favoring state control and the receivers wishing control returned to the Board of Trade. Quite naturally, with this division of sentiment, nothing was accomplished. Inspection fees were reduced, however, the new rates, effective in February, lowering them as follows: Inspection out of elevators into vessels, from 40 cents to 30 cents per 1,000 bushels; into cars, from 30 cents to 20 cents per carload; out of canal boats, from 40 cents to 25 cents per 1,000 bushels. These rates were favorable to canal shipments, and were, possibly, brought about by the various conventions held in behalf of the canal. A review of the inspection service made about this time stated that there were ten "in" inspection stations and fifteen for "out" inspection. J. P. Reynolds was chief inspector, and the Appeals Committee, consisting of P. W. Dater, S. D. Foss and T. H. Seymour, had offices at 156 Washington street. B. F. Culver was registrar, employing six clerks, and no fee was charged for registration. A committee consisting of G. M. How, E. B. Baldwin and Robert Warren was appointed to go to Springfield to urge changes in the law, but they found it useless to go on account of the sharp division of sentiment among the members of the Board. In April the dissatisfaction with the inspection service grew, and Mr. Hayde, objecting both to the action of the inspectors and of the Appeals Committee, shipped a car of corn which had arrived over the Illinois Central Railroad from Belleflower, back to Springfield in order that the legislative committees might judge for themselves. At Springfield the grain was adjudged "too damp for No. 2," and the Chicago inspection sustained. In June there were further bitter complaints, and it was stated that the assistant inspectors were at variance, one being for a high standard and the other for a low standard, and that the grade depended largely upon the inspector in charge at the time, thus demoralizing the trade to a certain extent. It was at this time that S. D. Foss announced his intention of resigning from the Appeals Committee, to take effect July 1. In August it was complained that the standard set for Chicago was so high that grain was being diverted to other points. The inspectors urged that wheat in order to pass as No. 2 must be "reasonably clean." A conference was held between the inspectors and the complainants, at which the inspectors held to their position regarding dirty wheat and were sustained by the Committee of Appeals of the Board of Trade. Nevertheless complaints continued, and it was stated that wheat graded as No. 3 in Chicago easily inspected No. 2 at Milwaukee. In October Messrs. Dater and Seymour also resigned

from the Appeals Committee and George Field, John Walker and Chas. A. Phelps formed the new committee. This action followed a lengthy protest made by the Inspection Committee of the Grain Receivers' Association in September. It was declared that the Appeals Committee was composed entirely of buyers of grain and that the producers and the receivers were unrepresented. The appointment of two members to represent these branches of the trade was asked, and it was further stated that it was wished that the standard be maintained, not raised, and it was suggested that a visible sample of each grade be displayed in the office of the chief inspector. Speedier action was also demanded on the part of the Appeals Committee. This did not end the inspection troubles, however, for, in October, there were serious complaints as to the inspection of barley, and, in December, it was reported that out of seventeen cars of wheat graded No. 3, fourteen were reversed and graded No. 2 by the Committee of Appeals, while the other four cars were forwarded to Milwaukee, where they also passed inspection as No. 2.

There were not many important changes in the rules of the Association during the year. In January, operators at Liverpool made an effort for the adoption of the cental system, and this was agitated in Chicago during the summer, but, as usual, nothing came of it. The most important change was relative to clerk's tickets, as already noted. In June the Directors decided that it was not the province of the Board to enforce trades between members if made inside other organizations, but street trades, made inside trading hours, were enforcible. This decision was made in a case arising out of a bucket shop transaction and showed the opposition of the Board to these institutions.

New rules concerning corners were urged at this time, and consideration was given the establishment of a grain clearing house. In this connection it is interesting to note that the first suggestion of a grain clearing house was made by P. P. Oldershaw, in February, 1870. At that time Mr. Oldershaw proposed a plan for a grain clearing house to clear and close all time contracts in grain and settle differences as sales and purchases balanced in amounts. This was to include sales or purchases made at any time and to cover any portion of shorts or longs under a series of well thought-out rules. Although the plan proposed by Mr. Oldershaw was perfectly feasible, nine years had elapsed without its being put into operation, and at this time nothing was done except to discuss it. There was much interest among the provision dealers when, in August, a vote was taken on the proposal to permit the use of iron bound packages in the provision trade. This was a contest of packers vs. coopers, and the "iron bound bucket" won by a majority of twenty. In September the rules concerning commissions were modified so that special agreements might be made under which the commission merchant might charge not less than $\frac{1}{2}$ per cent for selling

corn or oats, when no advances had been made. Later, in October, it was arranged that, as to deliveries, notices of readiness to deliver property should be handed around instead of the actual warehouse receipts, thus having the property paid for at the time of receiving the warehouse receipts and not several hours later.

Markets were comparatively quiet the first part of the year, although, in January, there was a decided boom in pork. In February, the renewed tide of speculation set in and during the remainder of the year Chicago was the scene of the wildest and most general speculation it had ever known. During all the winter months the "Keene deal" had been the great feature overshadowing everything else in the wheat market. It was known that in the previous December Keene and his friends had bought large quantities of wheat which they were holding in Chicago. What was to be the final disposition of this wheat was the question which puzzled all traders. On March 7, J. K. Fisher & Company, brokers for Keene, received a dispatch, not in cipher, ordering them to sell the Keene holdings until the market reached a certain price. The firm carried out these instructions and threw more than 2,300,000 bushels of wheat on the market. Under such heavy selling the market broke $5\frac{1}{2}$ cents in three hours. Wiring Keene for further instructions and notifying him of the sales, Mr. Fisher was surprised to receive a wire of inquiry from Mr. Keene, and later it was learned that the first dispatch was bogus and had never been sent by Keene. Fisher upon receiving notice that something was wrong and the dispatch unauthorized, quietly, through a few personal friends, bought back all he had sold, and was said actually to have made a considerable sum by the mistake, for the market quickly reacted. There were a large number of small losers, however, and these men claimed that the whole transaction was a market trick to which Keene was a party. Keene protested that the dispatch was a forgery, repudiated the sale and offered a reward of \$25,000 for the discovery of the guilty party, and Mr. Fisher asked the Directors to aid in the detection of the man responsible for the forged telegram. After this sudden break and partial recovery there was little excitement in the wheat market until the corner in June wheat developed. Perhaps the best account of this transaction, covering the whole deal, was given in an article in the Chicago "Tribune," on July 7, but a few days after the corner was over. The "Tribune" said:

"The wheat deal in this city, which some people think is closed, and others do not, is probably the largest operation of the kind ever witnessed. There is good reason to believe that the June deal, gigantic in itself, was only a continuation of the big investment made by James Keene in wheat the closing months of last year. There is also little reason to doubt that the operation has attained a much greater magnitude than was originally intended by the great California speculator.

"The price of wheat ruled very low last Autumn. The fact of a big crop in the United States, estimated by the Agricultural Bureau at 425,000,000 bushels, caused first holders to market their wheat very freely, and the big supplies pressing upon buyers encouraged them to insist on lower prices. They were aided by the speculative operators known as bears, many of whom thought the market here would decline to about 60 cents per bushel, or one cent per pound, and hastened to make money by selling short. The result was an almost continuous drop in prices till our market reached 77 cents, on October 10. Then a local combination took hold of it, and caused a reaction to 81 cents by the close of the month. During this time Mr. Keene was studying the situation, with the aid of prominent men in New York, and decided on making an investment. He bought some five to six million bushels in this market, mostly at 80@85 cents, which was the range of prices during November and December, and is believed to have intended to carry it till spring, and ship it at low freight rates near the opening of navigation. He practically owned or controlled all the wheat in this city during the winter, but there was a widespread fear that he was 'only playing with it,' and operators were all the time nervously looking for the day when he would unload, and leave the grain to be moved out by others 'on its merits.' Still the market ruled much higher than was expected, and the better prices induced large shipments from the farm, while shippers Eastward contented themselves by handling the relatively cheap lower grades. The result was a glut of No. 2 in our warehouses, which made many think that current quotations could not be sustained, and they held aloof from the deal, leaving the market a very slow one, while Keene and his agents maintained a profound silence in regard to their acts and intentions. The quiet was broken March 7, by the receipt of the well-remembered order (whether genuine or not is still a disputed point with some) under which Archie Fisher, Keene's broker, sold out 2,300,000 bushels in a few hours; the price for April delivery declining from 93 to 86½ cents during the process. The wheat was repurchased by noon the next day, which caused a partial reaction; but the market was 'stupid' for a long time afterwards, as many people refused to believe that Keene continued to own any large quantity of wheat, and the great majority entertained grave doubts in regard to the situation. It appears probable that about this time Keene formed the design of much extending his original program, the popular mind being in favor of selling, while reports from Europe indicated an increased demand for our available surplus, and it appeared probable that our receipts during the spring months would be light, the stocks in farmers' hands being reduced to a low point by the unprecedentedly active movement of earlier months. The party to whom it is supposed the conduct of the deal was committed, after the episode of March, bought the astonishing quantity of 11,000,000 bushels, to be delivered during May and June. Most of this was sold at 90@95 cents by men who did not own a grain of wheat at the time of sale, but expected to be able to buy it for less before the time came to deliver the property. Our receipts were not so large as expected by the shorts, and the market advanced as

they tried to fill in. The price touched \$1.00 on May 22; the month of June opened with a market at \$1.00, and closed at \$1.07. About 7,000,000 bushels, or two-thirds of the whole, was covered during the last week in the month at \$1.04@1.07; and some quarter of a million bushels were left undelivered. The price at which these outstanding contracts must be settled will be fixed by the Committee of Arbitration.

"The shorts are out collectively to the amount of more than a \$1,000,000. But it by no means follows that the other side has made so much money, or will have made any profit at all by the time they are done with it. The operating expenses are large, including brokers' fees, storage, insurance and telegraphing, with interest on the money employed. This will absorb a large part of the nominal profit; and there is large quantity of wheat yet on hand to be sold to the consumers at prices which are at present undetermined. The most recent news from Europe is favorable to the holders, but there is no question that they have run a dangerous risk in retaining the property so long, right up to the forward edge of another harvest, which might have proved to them a 'ragged edge' indeed."

The Arbitration Committee fixed the settlement price of June wheat at \$1.05, but the Appeals committee named \$1.07 as the price and it was on this basis that the shorts were obliged to settle. Later, in the case of W. T. Baker & Co. vs. C. H. Taylor & Co. a committee composed of George Field, Murry Nelson and Judge Couch, made the basis of settlement, \$1.05, with 5% penalty, making the price \$1.10. It was said that this decision showed that the Board "had no intention to shield shorts." On July 18, there was a collapse in the wheat market. In the morning the price was 91@94, in the afternoon it was 89¼, and on the following day it touched 86½ cents. In September, there came new confidence into the wheat market. The European demand was large and the out-break of the Afghan war added much strength. It was then there began a season of speculation such as Chicago has rarely known. To understand this market movement it is necessary to speak more fully of the then status of the bucket shop in the Chicago trade. But a year or two before occurred the first mention of the bucket shop in Chicago. As late as 1878 it was spoken of only as an incidental evil and had gained no strong foot-hold. But, in 1879, it suddenly blossomed into full flower, and was for the time the most popular and largely patronized institution in Chicago. Some attacks were made upon individual bucket shops, which were alleged not to be run "on the square," but there was little objection as to the legitimacy of the bucket shop as an institution. On the other hand it was heralded by some as a sort of democratized Board of Trade, where the common people could speculate without the intervention of brokers and where a large capital was not necessary for the making of a fortune. Excited, perhaps, by the stories of the big deals and the large profits on 'Change and believing that crop and

European conditions warranted a higher price, the general public commenced a great buying movement. This movement began in the fore part of September, and was not an unmixed blessing for the bucket shops.

As has been noted the bucket shops were usually on the bear side of the market, and the continued advance caused severe losses to many of them. "The Merchants Grain & Stock Exchange," of 143 Madison Street, was the first of these firms to go under, and this was followed by the suspension of Lumpkin & Company, and, in October, the bucket shops were hard hit and the Loring, Pope Company, and Doxey's bucket shops suspended. So great was the rush to buy that the bucket shops curtailed their business, raised their commissions and refused many orders. Later in October the "Chicago Grain & Provision Exchange" closed its doors with liabilities of \$10,800, and assets of \$700. Financial backing was secured, however, and the offer to settle at 25 cents on the dollar was accepted. While the course of the wheat market was upward during these fall months, it was not without its setbacks. After a steady climb strengthened by rumors of war between England and Russia, so that an advance of $4\frac{1}{2}$ cents was made on September 18th, there came, on the 24th, a good day for the bears, and the market fell 6 cents. This bear movement was headed by what was called the "Saratoga Combination," and was aided by the failure of Eastern firms; at Milwaukee this bear movement amounted almost to a panic. The bucket shops made a rich harvest on this break and the Loring shop was reported to have cleared \$23,000. Country speculators were the chief losers, as their margins vanished with the sudden drop. There was a quick rally, however, and wheat went up 5 cents on the 26th. So great had this speculative frenzy become, and so general was it among all classes, not only in Chicago but throughout the West, that on September 28, the Chicago Tribune dealt with the subject in an editorial which gives a first hand view of the conditions then existing. The Tribune said:

"In July last, the great corner on wheat was closed up, the price holding as high as \$1.05 per bushel until the settlement was made, when it reached to 93 cents, and still later to 87 cents and to 83 cents. Since the first ten days in September, the tendency of the price has been upward, and one day last week it touched \$1.08. At the first sign of advance the gambling began. In all previous years the excitement of this kind of operations was confined to the Board of Trade, that is, the operations have been carried on by members, for, and on account of outsiders. But this year has witnessed the successful establishment of institutions which bear the euphonious and expressive title of 'bucket shops.' To do business on 'Change an outsider has to hand over his \$100 or \$1,000 to a broker, who, for a commission, invests that amount either in a purchase or a sale, putting up the money as a margin. At the bucket shops no broker is necessary; any person, man or woman, boy or girl, white, black,

yellow or bronze can deal directly. That is, by putting in \$1.00, or \$3.00 or \$5.00 or \$50.00, at the rate of 1 cent per bushel, he or she, becomes the owner of the risk in 100 or 300, or 500 or 5,000 bushels of wheat. If wheat advances 1 cent per bushel, the investor doubles his stake, if the price falls, the loss is proportionate. As a general rule, the winnings are few—so few and exceptional that it may be said that 99 or even a greater per cent of the money deposited in the bucket shops remains there. The fraud, cheat and swindle are so transparent that it seems to be a libel on common intelligence to admit that these establishments do an immense business every day. The most surprising thing is the general character of the customers who patronize these establishments. First—there are the boys—lads from 12 to 16 years of age, school boys, cash boys in retail stores, bootblacks and newsboys, messenger boys, boys of all degree and occupations, who, singly or by combinations of two or more, can raise \$1.00 or \$2.00 or \$5.00. These rush to the Board of Trade alley, where the shops are in operation, and by the hundreds pour in their money. The occasional profit of $\frac{1}{4}$ or $\frac{1}{2}$ or 1 cent a bushel, serves to whet the avarice and inspire the appetite for new ventures. Sometimes these lads, also represent school girls and sisters, whose small savings are also sent to be emptied into the bucket shops. Boys of larger growth and men, clerks, salesmen, bookkeepers, men in business, hackmen, teamsters, men on salaries, and men employed at day's work, stone cutters, blacksmiths and workmen of all wages and occupations; students and professors of colleges, reverend divines, dealers in theology, members of Christian Associations, members of societies for the prevention of cruelty to animals, and for the suppression of vice, gentlemen who war on saloons which permit minors to play pool, and teachers of Sunday schools, hard drinkers and temperate men, old men and young men—as well those of all these classes who live in the cities and towns of this state, and of Indiana, Wisconsin, and Michigan, and even occasionally an Ohio man, as those who live in Chicago—all, in person or by agent, purchase their 500 or 1,000, or 5,000 or 10,000 bushels, depositing their margins, and confidently hope to have their money back with 100, or even 500 per cent profit.

“These unfortunately do not include the most daring and reckless of all gamblers who do business at the bucket shops. There is not an average woman who thinks her means are more scant than she would like to have them, who does not in her heart despise the caution, or, as she calls it, the cowardice, of the average man, nor is there one who does not insist to herself that, if she were only a man, instead of being cruelly condemned to be a woman, she would go on that Board of Trade and just sweep the Board, making enough money in thirty days to render herself and husband and family independent for life. Confidence in her own courage and the belief that men fail because they won't succeed, make her chafe under the conventionalities which exclude her from the money-making walks of life, and the bucket shop opens to her imagination the longed-for opportunity to show what she might do if she had only had a chance. To these shops, women come with their tens, twenties, and fifties, and boldly stake their money. They are not women of desperate

or questionable condition, they are the wives and mothers of families in comfortable financial condition. To a woman of this kind, the bucket shop, which holds out a chance to win 200 per cent in 24 hours, overcomes all other considerations, and she boldly stakes her money, boldly elbows her way through the crowds, pays her cash, and with her ticket under her pillow, dreams of the time when with plethoric purse she will be recognized as a first-class customer in every dry goods house in Chicago. The ventures of these women are not confined to the bucket shops; they venture their money, through brokers on 'Change, in deals not only in grain, but in pork and lard, and everything else in which any other person has at any time ever made money by bold, daring, reckless and furious gambling. But, while this is the case to some extent, the great part of these dealings by women is in the bucket shops; there the deal is direct, and the result is soon known, and, as all these operations are made unknown to husbands, the facilities for secrecy are much greater than in the higher grade of business. A lady can pay her \$50 at the bucket shop and take her ticket in any name she may select, or even without any name at all, and in case of loss, no one is the wiser. In case of gain she can, as she invariably will do, reinvest both stake and gain, and lose all at one fell swoop."

Yellow fever was again epidemic at Memphis and other southern points during the summer, and this had some effect upon the market and appealed strongly to the sympathies and generosity of the Board of Trade. In September a committee consisting of J. W. Preston, S. H. Richardson, and C. J. Gilbert was appointed to solicit funds for the relief of yellow fever sufferers. It was hoped to raise \$10,000 in Chicago and the committee met daily in the office of the secretary. Throughout October the wheat market was subject to violent fluctuations, but with a constantly upward tendency. On the 16th, wheat touched \$1.22½, and it was reported that the sidewalks, alleys, and bucket shops were crowded with active and excited traders. Corn caught the speculative fever towards the last of October and on the 21st, touched 49 cents. Provisions also were booming, and became too high for shipments. One thousand barrels of pork were brought to Chicago from Cleveland to fill October sales. By November the markets were generally lower, and with this bear movement, the craze of speculation abated. This lessening of bucket shop activities was aided by the exposure of their methods by the Chicago papers. Circulars issued by B. G. Martindale & Company, together with their letters to victims were printed and it was pointed out that their transactions were entirely bogus and that the company was unknown on 'Change. Throughout November the market ranged lower and with little excitement, the provisions trade being injured by a strike movement which was threatened as early as November 2, and which grew to alarming proportions before the end of the year. The demands of the unions were followed by a lockout and the plants of B. F. Murphy, Chicago

Packing & Provision Company, Higgins & Company, Ricker Packing Company, Armour & Company, Chapin, Cudahy Company were affected. By December 30, three packing houses were reopened but the strikers threatened the workers and the hog market was dull at \$4.50@4.70. In December there was a general improvement in the produce market, and in the earlier part of December there was much excitement in pork. On Thursday, December 4, mess pork was up 75 cents, on Friday the 5th, there was a rush to sell and pork went down 95 cents in 25 minutes. This was the day of the great bear raid and all markets declined. Later interest was developed in January wheat and on the 25th it was reported that \$5,000,000 were being sent to Chicago to pay for the January wheat bought by Keene.

Among matters of importance to the trade may be mentioned as follows: In February the Senate of the United States passed a law concerning stock shipments, providing that there should not be more than twenty-eight consecutive hours of travel without seven hours unloading for rest, water and feed. It was provided that cattle must be fed by the railroads if not done by the owners, and the railroad was given a lien on cattle to cover feeding expense. In March the Board was much interested in municipal politics, as A. M. Wright, for many years one of the most prominent members, was the republican candidate for mayor. He was defeated, however, by Carter Harrison by a majority of 5,000. Prior to the opening of navigation the vessel owners got together agreeing to stand for a 4 cent rate. For some time there was a deadlock between the vessel owners and the shippers, but this was broken when one John Ash agreed to carry 80,000 bushels of corn to Buffalo for Armour & Company for 3 cents per bushel. The vessel owners were highly indignant and their directors held a meeting in the Board of Trade rooms, and tugs and trimmers were warned not to have anything to do with Ash's boats.

It was noted in August that 30,000 bushels of wheat were shipped to points in Ohio and Indiana, the No. 3 or rejected grades to be mixed with winter wheat, and sold as a higher grade. It was said that this had grown to be a regular "science." November was made notable by two events. Ex-President U. S. Grant returned from his triumphal trip around the world, and his coming to Chicago was the signal for a great civic and military reception. The closing of the Board of Trade in honor of his coming was the signal for the closing of all the other commercial and financial institutions of the city. During this month also the second annual Fat Stock show was held and its success assured its permanency. In December a ruling was made fixing 24,000 pounds as carload weight, instead of 20,000 lbs. as formerly.

The produce trade of the year was more active than in any previous year in Chicago's history; the volume of receipts and ship-

ments aggregated 5 per cent more than in 1878. The tendency of prices was to a low level during the first three quarters of the year. There was a widespread disposition to regard the short side as the safe side, the principal check being administered by the Keene investment of the previous winter. Prices kept down till the speculative world became slowly aware that Western Europe was startlingly deficient in her crop yield, as a consequence of unusually bad weather. There was a revulsion, and the popular sentiment was so decided that it sent prices up high enough to make the year's average a slight improvement upon that of 1878. The great bulk of all the hogs in the West came to Chicago because of the superior facilities for packing and carrying. During the last four months of the year some of the largest moneyed men were the heaviest losers by the autumn boom in produce. They guessed wrong, and the error involved a loss of much cash. The most notable feature of the movement was the fact that so many of the big men were on the wrong side of the deal. This was the reason why there were so few failures, as the men who lost money were able to bear it, but men who had been looked up to for years as able to dictate the course of prices were unable to do so.

The course of the wheat market has already been outlined. The receipts were 34,106,109 bushels, against 29,713,577 bushels the previous year, and the shipments were 31,006,789 bushels, against 24,211,739 bushels in 1878. The crop of 1878 was a large one, and preceded by a prolific yield in 1877 gave a large surplus at the beginning of the year.

Corn.—The market for corn exhibited a decline, both in quantity and price. The receipts were 64,339,321 bushels, against 63,651,518 bushels in 1878, and the shipments were 61,299,376 bushels, against 59,944,200 bushels the previous year. It should be remembered, however, that the movement of corn in 1878 was nearly one-third larger than in 1877, being much the biggest year up to that time. With the exception of that phenomenal twelve months no former year compared with 1879 in regard to quantities handled, and no recent one ruled so low in the price of the article. Even the autumn advance in the prices of all kinds of produce failed to raise the corn average to a fair price, as gauged by the record of many prior years.

The reason for the diminished movement of corn through Chicago was to be found by a comparison of rail with lake freights. The railroad companies did not discriminate against Chicago so severely as in some former years, but they carried grain eastward at one time at such low rates as to beat the water route. In May corn was rushed from Chicago to New York at 10 cents per 100 pounds by rail, and as it was taken from interior points (Toledo, etc.) at the same rate, the result was comparatively light receipts here, as there was not at that time any commercial boom to put up

the price in Chicago sufficiently to pay the extra cost of warehousing and inspection. Later in the year the railroads advanced rates to a point which gave water navigation the advantage, notwithstanding the fact that lake freights were much higher than in any previous year since the panic. Hence a great deal of corn was drawn here from the far Southwest, as in 1878, and there was not much going around on the cut-off lines from Iowa and Western Illinois. In November the receipts again fell off, but for another reason than that noted above, the Grant visit helping moist weather to keep back the new crop.

The low prices ruling in March tempted one or two prominent operators to buy largely in the spring, and they carried the deal over from one month to another till autumn without finding a chance to turn at a profit. Early in the summer it was generally believed that there was a brilliant prospect for the then coming crops, and that made the country sell very freely. The trade had to take the load and carry it as best it could.

The tide of speculation set into the wheat market, and afterwards invaded corn, only because the latter was thought to be relatively cheap. The market went up to 49 cents, but soon fell back. Indeed, there is reason to believe that the advance not only occurred sooner than looked for by the clique, but that it changed their plans. They had intended to keep down quotations till late in October, believing that would check receipts, and thus give them little grain to handle at the close of the month. But the corn came in thick and fast. They sold out nearly at the top, instead of carrying the deal through; so that the October corner proved to be only a scare. Some of these parties took hold again at the resulting decline, but only to lose the profit previously made. In the early part of November there was another flurry, the May premium vanishing under fears that a good deal of corn sold to arrive that month could not be brought in, as the railroad officials furnished the cars very slowly. At one time November was about 3 cents above seller December. But the way in which the new corn inspected No. 2 on arrival caused the longs to lose courage, and they relinquished their hold. May corn was really active towards the close of navigation, and it was thought the foundations had been laid for a big deal in that month in 1880. The leading operators on both sides were of the order of Titans, though, of course, many smaller ones joined in. A great deal more money was put into cribbed corn in the winter of 1879 than ever before, and more would have been invested if lumber could have been obtained to build new cribs, as cars could not be obtained to carry it to many places where it was wanted. The sales were so large that some operators thought there would be a block in deliveries in May, 1880, especially as they expected the warehouses would be full of grain to begin with. For this reason June corn sold during December at a wide discount

from May. The market during the last half of December was tame, and was chiefly sustained by sympathy with wheat; it closed weak.

Oats.—The volume of oats passing through the city exhibited a decrease, but was much larger than that of any previous year, except 1873 and 1878. The receipts of 1879 were 16,660,428 bushels, against 18,839,297 bushels in 1878, and the shipments were 13,514,020 bushels, against 16,464,513 bushels the previous year. The market ruled higher than in 1878, but lower than in any other year after the panic, oats having been generally cheap, as compared with other grain. The range of prices was a rather wide one.

The crop of 1878 was a very large one, and the receipts weighed down the market, making it quite flat during the winter. No. 2 mixed sold at 19½ cents at the opening of the year, and barely passed 20 cents during January. The market improved to 25¼ cents in March, but fell back to 21 cents in April. About this point a Minneapolis party took hold freely, believing there was "millions in it." Few other people took the same view, and every little advance brought out free sellers in such numbers that he was unable to control the deal to a successful issue. The market touched 35 cents spot early in June, and declined to 25 cents in July, with a rather large accumulation of oats on hand to be taken by the trade. The grain was mostly shipped to New York at a loss, and quotations declined to 21¾ cents in August, the new crop turning out better than had been expected. The above named excitement was the only oasis in a desert of dullness during the first eight months of the year. In October the boom in wheat influenced oats, but not to the same extent, the advance in spot being slight compared with other small grains, and the market dragged at that; 32¾ cents was the highest price, with little demand for shipment. There was, however, more speculation for May delivery, and large quantities were sold by parties who had them in the country on cheap storage till wanted. The result was that many country warehouses were full of oats the last of the year, though the stock in sight (not counting the country points) was larger than usual. The last two months were marked by a good consumptive demand, partly due to a scarcity of hay. The market, during November, was a steady one, considering the fluctuations in wheat. The entire range of the month was 2¾ cents, and much of that was due to flurry the last two days, under pressure to square up the deals of the month early. In December there was a good shipping demand, which put strictly fresh oats to a decided premium, and the speculative part of the market afterwards kept up in sympathy with wheat and corn, with little trading except for May.

Rye.—The market for rye was a steady one, compared with the fluctuations in other grain, and also ruled low. The volume handled showed a decrease, as did the yield. The receipts were

2,497,340 bushels, against 2,490,615 bushels in 1878, and the shipments were 2,234,363 bushels, against 2,025,654 bushels the previous year.

There was a good deal of speculation in this article early in the year, the low price of about 44 cents, in January, inviting buyers, and it advanced to 47¼ cents in April, when it weakened by heavy deliveries. The market reacted and advanced up to 54 cents in June, new rye selling in that month at 57 cents for September delivery. The firmer tone was due to reports that the crop would be a very short one, on account of the drought, some placing the shortage at nearly 50 per cent, while the surplus from the crop of 1878 was pretty well exhausted, most of it having been exported in the spring. The prospect improved towards the time of harvest. The first carload of new rye arrived July 14, and the new crop came forward so freely during August that buyers held off to see how low prices would decline. Exporters let it alone till about the middle of September, leaving the deal to the local crowd. A few shipments were made to New York and netted a loss. In September a brisk export demand suddenly sprang up, and about 500,000 bushels were taken in about a couple of weeks, the result being an advance to 60 cents before October came in. The demand continued active during the whole of that month, and it was estimated that two-thirds of the rye which came in sight was picked up for export. The foreign shipments were light after November 1. The market advanced sharply in sympathy with wheat, touching 74 cents by the close of navigation and 81 cents in December.

Barley.—The market for barley ruled tame and flat during the greater part of the year, with no speculation in it, and a lessened movement of the article, the volume being not far from one-sixth less. The receipts were 4,936,562 bushels, against 5,754,059 bushels in 1878, and the shipments were 3,566,401 bushels, against 3,520,983 bushels the previous year. The absence of speculation made prices rule very low.

The year opened with a moderately large stock, good in quality, but much of it rather badly stained by unfavorable weather about the time of harvest. There was a poor demand for consumption during the first two or three months; the price of extra No. 3 fell to 33 cents in March, with 34 cents in April. A little later brewers and maltsters started up and took hold very freely, the low price stimulating consumption. Their demand rapidly reduced stocks and caused a reaction to the upper side of 50 cents in May. The market averaged a little better than 50 cents through May, June and July, prices gradually hardening under a better demand than usual for the medium grades of malt, which made it probable that the old barley crop would be pretty well used up by the time the new came on the market. The production of beer steadily increased, and some maltsters doubled their capacity without being able to

keep a fair stock of malt on hand. But they only bought barley as fast as they wanted to use it, and the remarkable absence of speculation kept quotations down to a low point as compared with other grain.

The receipts of live stock for the year made a grand total of 8,000,197 head, which was an increase over the arrivals for any previous year. The trade for 1879 was not only the largest and most important Chicago had ever had, but the market during most of the year was freer from fluctuations than ever before known. During the year the receipts of cattle reached 1,215,732 head, a larger number than ever before received, the total for 1876 having been 1,096,745. For the increase Chicago was principally indebted to the states beyond the Missouri River, Kansas, Nebraska and Colorado furnishing many more cattle than in any previous year. Not only was there a marked increase in the volume of receipts, but the quality also showed a gratifying improvement. Prices were the highest in January, choice to extra grades then commanding \$5@5.50. Early in February they declined to \$4.75@5, and further along to \$4.50@5. The decline in the upper grades during the latter part of the month was due to a severe break in the Liverpool and London, markets, which resulted in heavy losses to exporters, and caused their temporary withdrawal from the market. During March there was a partial recovery, and prices were well sustained until May, when they eased off. In June there was a further decline, that month closing at \$4.25@4.85 for choice to extra grades. The year closed at \$4.75@5.25.

Hogs.—The receipts of live hogs were 6,448,300. In comparison with any year previous to 1878 there was an increase of more than 2,000,000 head. The year opened on very low prices, viz., \$2.60@2.90, but the market soon began to advance, and at the close of January stood at \$3.30@3.85. During February there was a further appreciation, prices reaching \$3.75@4.40. In March prices turned in the other direction, and continued to work downward until \$3.30@3.60 was reached in May. The market recovered a little in June, but in August it dropped off to \$3@3.50. From the beginning of September till the 5th of December the course of prices was gradually upward. The highest figures were reached December 5, the quotations for that day being \$4.50@4.85 for light weights and \$4.65@5.20 for heavy. Within the following two weeks the market declined 50@75 cents per 100 pounds. A part of this decline was regained, the year closing at \$4.30@4.55 for light and \$4.25@4.65 for heavy grades. The advance during October and November grew out of the fear that the hog crop would prove short, while the "break" in December was due to the strike. In consequence of the labor troubles the trade during the last three weeks of the year was almost at a standstill. The receipts for the week ending with December 27 amounted to only 38,223, but such

was the demoralized condition of the packing business that even the small number of hogs exceeded the demand.

Flour.—Trade in flour continued to increase, though city manufacture was less. The demand for flour in sacks increased, foreshadowing the time when the barrel would become nearly obsolete in the retail trade. Flour receipts were 3,369,958 barrels and shipments 3,090,540 barrels. The price range on medium to choice white winter flour was \$4.25@5 in January, \$6@6.75 in June, \$5@5.60 in August and up to \$6.25@7.25 in December.

Seeds.—The Chicago market enjoyed another good year in the seed trade, the growing West supplying an increasing amount, especially of flaxseed. Prices were more satisfactory also, timothy going from \$1.05@1.10 in January to \$2.40@2.60 in December and clover having a range of from \$3.65@6.30 per bushel. The price of choice clover in December was \$5.50@5.60. Old flaxseed went from \$1.25 in January to \$1.45 in June and July and the new crop started at \$1.25, reached \$1.55 in November and closed at \$1.48@1.50 per bushel. For the first time lake shipments of flaxseed in bulk were made and the trade was of such proportions that an inspection system was contemplated. The movement of seeds was as follows: Receipts, flaxseed, 119,262,794 pounds; other seeds, 50,509,727 pounds; shipments, flaxseed, 86,204,852 pounds; other seeds, 47,361,744 pounds.

Lumber.—The trade in lumber was the largest Chicago had known, the receipts of 1,469,878,991 feet exceeding those of 1872. Moreover, the trade was highly satisfactory from a business standpoint both to manufacturers and dealers.

Hides.—The trade in hides was another branch of commerce which showed a large increase in 1879. The receipts were 56,610,510 pounds, a gain of over 12,000,000 pounds, as compared with 1878, and the shipments 61,381,778 pounds, being a gain of 10,000,000 pounds over the preceding year. Prices started low, but improved rapidly after midsummer, closing fully 50 per cent higher than in 1878.

Transportation.—Lake freights (sail) averaged higher, the low point being 2 cents in midseason, with an opening price of 4½ cents in April and a high price of 8 cents in October and November on wheat per bushel to Buffalo. Lake and rail freights were also higher, 8½ cents being the lowest figure and 20½ cents the highest on wheat per bushel to New York. All rail freights on the contrary averaged somewhat lower, rate wars forcing the price down to 15 cents during a part of June and 20 cents being the ruling rate from March until August on grain per 100 pounds to New York. The price at the close of the year, however, had risen to 40 cents. The Secretary, in his report, stated that the trunk lines were practically consolidated into a giant monopoly with competition eliminated. This was thought better, however, for the grain trade in

general than the bitter railroad wars, with their rebates and discriminations in favor of large shippers.

Perhaps there is no better way of ending the history of this eventful year than by quoting the account of the very human festivities with which the juniors of the Board closed the work of the year on New Year's eve as related by the daily press:

"Following the custom of former years, the younger members of the Board of Trade determined to play farewell to the expiring year in a calithumpian manner. Nevins & Dean's band was engaged to furnish the music, and a good time was anticipated by the organizers of the scheme, but they counted without their host. When the doors of the Board were opened at 3 o'clock the hall was virtually confiscated by the settling clerks, errand boys and messengers, as noisy a lot of cubs as was ever corralled within the four walls of a building. The gallery was crowded to its capacity with ladies and gentlemen, who had anticipated a spectacle, not manly, it is true, but full of fun. They, too, were disappointed. Promptly on the opening of the door the band struck up "Marching Through Georgia," which was loudly cheered at its finish, then appeared Charlie Daniels, "the politest man on the Board"; Sam Adams, "Young" Oakford, Roche's settling clerk, and Johnny Jones, the confidential bookkeeper for Scott Linn, garnished with white plug hats of last year's growth. These were unceremoniously knocked from the caputs of their wearers, and for a few moments did duty as footballs. In the meantime the mischievous cubs had ransacked the sample bottles and began throwing bags and boxes of flour and grain. Numerous overcoats were dusted to the disgust of their owners and considerable "kicking" was indulged in. When a bag of flour struck the E flat player square in the bugle there was a grand kick. The band refused to play unless the unseemly exhibition was stopped. Nothing could be done to repress the boys. It was their day out, and they were determined to enjoy it. Becoming completely disgusted, the band packed up its instruments, and in Indian file, lead by Billie Nevins, slowly took their leave. This was the signal for a general hegira, and at half past four the hall was deserted. The band subsequently assembled in the rooms of the Call Board, and treated its members to a spirited selection of patriotic and other airs, which were much enjoyed."

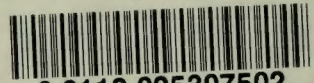


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